AN INCOME TAX MANUAL

BEING

ACT II OF 1886,

WITH NOTES

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LIST OF ABBREVIATIONS

A G	=	Accountant General
G I	=	Government of India
G I N	=	Government of India's Notification
G B	=	Government of Bengal
B P	=	Board of Revenue's Proceedings
F D O	=	Finance Department Order
R S C	=	Report of Select Committee
G I S	=	General Instructions to Surveyors of Taxes (issued by the Commissioners of Inland Revenue in England)
I A C	=	Instructions as to the Assessment and Collection of taxes (*issued by the Commissioners of Inland Revenue in England*)
R C	=	Reports of cases in Great Britain relating *to income tax*.

AN INCOME TAX MANUAL

(BEING ACT II of 1886)

AN ACT FOR IMPOSING A TAX ON INCOME DERIVED FROM SOURCES OTHER THAN AGRICULTURE

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AN INCOME TAX MANUAL

(BEING ACT II OF 1886)

(PASSED BY THE GOVERNOR GENERAL OF INDIA IN COUNCIL RECEIVED THE ASSENT OF THE GOVERNOR GENERAL ON THE 29TH JANUARY 1886)

An Act for imposing a tax on income derived from sources other than agriculture

Preamble

WHEREAS it is expedient to impose a tax on income derived from sources other than agriculture, It is hereby enacted as follows —

CHAPTER I

PRELIMINARY

Extent and commencement.

1 (1) This Act extends to the whole of British India, and applies also, within the dominions of Princes and States in India in alliance with Her Majesty, to British subjects in those dominions who are in the service of the Government of India, or of a local authority established in the exercise of the powers of the Governor General in Council in that behalf, and

(2) It shall come into force on the first day of April, 1886

(3) Any power conferred by this Act to make rules or to issue orders may be exercised at any time after the passing of this Act, but a rule or order so made or issued shall not take effect until the Act comes into force

British India means the territories for the time being vested in Her Majesty by the Statutes 21 and 22 Vict c 106 (*an Act for the better Government of India*) other than the settlement of Prince of Wales Island Malacca (*Act I 1868 section 2*)

2 On and from the day on which this Act comes into force the enactments specified in the first schedule to this Act shall be repealed, except as to fees payable and other sums due under those enactments and the mode of recovering the same

Repeal.

Definitions.

3 In this Act, unless there is something repugnant in the subject or context,—

(1) "local authority" means any municipal committee district board, body of port commissioners or other authority legally entitled to, or entrusted by the Government with the control or management of any municipal or local fund

A list of local authorities is given in Appendix VIII

(2) "company" means an association carrying on business in British India, whose stock or funds is or are divided into shares and transferable, whether the company is incorporated or not, and whether its principal place of business is situate in British India or not

(3) "prescribed" means prescribed by the Governor General in Council by notification in the *Gazette of India*, or by the Governor General in Council or a Local Government by rules made under this Act

(4) "salary" includes allowances fees, commissions perquisites or profits received in lieu of or in addition to a fixed salary, in respect of an office or employment of profit, but, subject to any rules which may be prescribed in this behalf, it does not include travelling, tentage, horse or sumptuary allowance, or any other allowance granted to meet specific expenditure

1 Salary does not include house allowance (*A C Circular* 107 *February* 1886)

2 The education allowance under section 23 of the Hill Allowance Code the house rent under sections 24 to 28 and the value of free quarters under section 30 of the Simla Allowance Code are granted to meet specific expenditure and are exempt under this clause (*G I* 391 *April* 26 1889)

3. The special maintenance allowances under sections 15 and 16 the family maintenance allowances under sections 17 to 22 the deputation allowance under sections 34 and 35 and the consolidated salary and the extra allowance of 15 per cent under section 36 of the Simla Allowance Code are granted to meet general and not specific expenditure and are therefore not exempt. Similarly the extra allowances under Part II D and E and the charge allowance under Part III of the Darjeeling Allowance Code are not exempt (*Ibid*)

4 Presidency allowances and the local allowance of the Accountant General Bengal are for the same reason liable to the tax Presidency house rent however is exempt as granted to meet specific expenditure (*ibid*)

5 Rewards for passing examinations are liable to the tax (*ibid*)

Scholarships if granted to meet the cost of education, are exempt otherwise they are liable (*ibid*)

6 The deduction on account of income tax should be made on the gross amount of commission payable to Rural Sub Registrars less the allowance for establishment granted to them on the scale fixed by Government As this allowance is granted to meet specific expenditure it is not included in the term salary and is therefore not liable to the tax but it does not include any sums which a Rural Sub Registrar may choose to pay his establishment over and above the allowance he receives from Government (*G B* 368*PD* *2nd June* 1886)

7 Fees paid to the Director of a Bank are taxable as salary (*B P* 28*th* *July* 1870)

8 In the case of missionaries paid by draft direct from the United States of America it was held that they were not exempt (*B P* 1221 *30th September 1869*)

(5) "Income" means income and profits accruing and arising or received in British India, and includes, in the case of a British subject within the dominions of a Prince or State in India in alliance with Her Majesty, any salary, annuity, pension or gratuity payable to that subject by the Government or by a local authority established in the exercise of the powers of the Governor General in Council in that behalf

1 A party residing in the British territories in India will have to pay upon any income or profits from whatever source derived which such party may receive in India whilst if he resides out of the British territories in India he will be liable to be assessed and charged only upon the income he may receive from property situated in those territories (*F D O* 12370 *21st December* 1860)

The case put was that of a Thakoor residing in the British territories in India who in addition to customs and other duties enjoyed large revenues derived from lands and houses situated in places beyond those territories

2 On a question raised in 1863 regarding the liability to income tax of profits made by consignors in England or in foreign countries on goods consigned by them in the way of trade to consignees carrying on business in British India the following order was issued — The Hon'ble the President in Council is of opinion that the Income Tax Act undoubtedly authorizes the levy of income tax on the profits above mentioned but as such profits have not hitherto been generally taxed in India His Honour in Council is

pleased to waive the claim to income tax from profits realized by foreign consignors on goods sold by the consignees in British India 1 (*B P 29 7th November* 1863)

(6) "Magistrate" means a Presidency Magistrate or a Magistrate of the first or second class

(7) "Person' includes a firm and a Hindu undivided family

1 The word person in Part I does not include a Hindu family such construction being repugnant to the subject and context salary being paid to an individual and not to a family (*Advocate General 10th May* 1886 *G B* 801 *15th June* 1886)

2 Members of a Hindu undivided family are not united for the purpose of holding office in other words the salaries drawn by the individual members of an undivided family should not separately or in the aggregate be taken into consideration in estimating the joint income of the family chargeable under Part IV but should be regarded as the property of the individual members of the firm in their private capacity and as such be separately assessed under Part I

3 Landed property which has descended to a Hindu undivided family by inheritance is beyond doubt at law the common property of the family whereas salaries paid to the individual members as above stated are not jointly liable Moreover an individual member of a Hindu undivided family may posses a separate income other than salary which is not the property of the family Whether the income of an individual member of such a family is or is not the property of the family is a question of fact upon the decision of which must depend the answer to the question whether such income should be taxed as income of the family or not.

4. Certain boatmen of the Dacca district were erroneously assessed as members of a firm in the Dacca district In some parts of the district a trade in grain was carried on in the following way The owner of the boat and the crew agreed to divide the profits of the trip made by the boat one half being allotted to the owner and the other being distributed equally among the crew The assessor taxed the crew as being members of a firm but it was held by the Board that boatmen who were interested in the result of a single venture could not be regarded as a firm that the share of the profits divided among the crew was merely wages in another form and that unless the profits of each boatman brought him within the limits of assessment under the law the tax paid should be refunded (*B P* 20 *July* 1871)

(8) "defaulter" includes a company or firm making default under this Act

(9) ' Collector' means the chief officer in charge of the revenue-administration of a district and in a presidency town, any officer whom the Local Government, by notification in the official Gazette, may, by name or by virtue of his office, appoint to be

a Collector for the purposes of this Act, in the case of a company or firm, it means the Collector, as here defined, of the district or presidency town in which its principal place of business in British India is situate, and, in the case of any other person chargeable under this Act it means the Collector, defined as aforesaid, of the district or presidency town in which the person has his residence

(10) "principal officer," used with reference to a local authority or a company or any other public body or association not being a local authority or company, means—

(a) the secretary, treasurer, manager or agent of the authority, company, body or association, or

(b) any person connected with the authority, company, body or association upon whom the Collector has caused a notice to be served of his intention of treating him as the principal officer thereof, and

(11) "Part" means a Part of the second schedule to this Act

CHAPTER II

Liability to Tax

Incomes liable to the tax.

4 Subject to the exceptions mentioned in the next following lead section, there shall be paid, in the year beginning with the first day of April, 1886, and in each subsequent year, to the credit of the Government of India, or as the Governor General in Council directs, in respect of the sources of income specified in the first column of the second schedule to this Act, a tax at the rate specified in that behalf in the second column of that schedule

1 Section 5 (j) provides that nothing in section 4 shall render liable to the tax any person whose income from all sources is less than Rs 500 per annum that is to say the exception applies to the person and not to the income A person (A) whose aggregate income from all four parts taken together is less than Rs 500 is therefore exempt under all four parts and a person (B) whose aggregate income from all four parts exceeds Rs 500 is assessable under all four parts (at the rates specified in each part respectively) whether the income under any one part is greater or less than Rs 500. The exemption under this clause applies to *all* sources of

income or to none But the rate specified in Part IV for incomes under *that part of less than Rs 500 is nil* and if B's income under *Part IV* alone is under Rs 500 he will appear to be exempted under that part only For example B has a salary under Part I of Rs 600 per annum and owns house property which brings in his 400 per annum under Part IV His total income from all sources is Rs 1 000, and he is not entitled to the exemption in section 5 (*j*) He is therefore assessable (*a*) on Rs 600 under Part I and (*b*) on Rs 400 under Part IV Under (*a*) he pays Rs 12 8 and under (*b*) he pays *nil* Again, if he had a salary of Rs 240 a year, and house property to the extent of Rs 400 a year his total income from all sources is Rs 640 per annum and he is therefore not entitled to the exemption in section 5 (*j*) He would therefore be assessable on (*a*) Rs 240 under Part I and (*b*) Rs 400 under Part IV and would pay Rs 5 under Part I and *nil* under Part IV

2 Payment of income tax in England does not exempt from payment in India (*B P* 18, *December* 1869)

Exceptions

5 (1) Nothing in section 4 shall render liable to the tax—

(*a*) any rent or revenue derived from land which is used for agricultural purposes and is either assessed to land revenue or subject to a local rate assessed and collected by officials of the Government, as such, or

(*b*) any income derived from—

(i) agriculture, or

(ii) the performance by a cultivator or receiver of rent in kind of any process ordinarily employed by a cultivator or receiver of rent in kind to render the produce raised or received by him fit to be taken to market, or

(iii) the sale by a cultivator or receiver of rent in kind of the produce raised or received by him, when he does not keep a shop or stall for the sale of such produce, or

1 Income which is exempt at its source may be so employed as to produce taxable income For example rent or revenue exempt under section 5(1) (*a*) or income from agriculture exempt under section 5 (1) (*b*) may be used by the recipient in money lending transactions and any income derived from such transactions is not exempt from taxation by reason of the fact that the capital which enabled the money lending to be carried on was exempt at its original source

2 The following is the opinion of the Advocate General on the question of the liability of indigo and tea planters to payment of the income tax —

Under the provisions of section 5 (i) (b) (ii) of the Act which exempts from taxation any income derived from the performance by a cultivator or receiver of rent in kind of any process ordinarily employed by a cultivator or receiver of rent in kind to render the produce raised or received fit to be taken to market an indigo or tea planter who manufactures indigo or tea grown by himself or received as rent and derives an income therefrom is *in my opinion exempted from the payment of the income tax.* Section 5 (2) provides that the income of an employé is not exempt from taxation by reason merely that that of his employer is exempted. The incomes of employés of indigo and tea concerns who are paid fixed salaries are liable to taxation Under this construction if a shareholder manages an indigo or tea concern and receives a salary for so doing he will be liable to assessment for the full amount of his pay He will not be entitled to a proportional reduction on account of his share in the concern

3 The object is to tax dealers as distinguished from mere producers Ordinarily a cultivator sells his produce to a merchant or wholesale dealer who sells at a profit to the consumer or to some middleman who sells at a further profit to the consumer It is intended to find out and to tax these profits When a ryot systematically sells the produce of his land by retail and himself appropriates the profits which would ordinarily be realized by the middleman he usurps the legitimate functions of a dealer and thereby renders himself liable to be taxed as such (*B P* 39 *21st February* 1862)

4 Lands used for purposes other than agriculture *e g* mining or the manufacture of salt do not fall within the exception

(*c*) any building owned and occupied by the receiver of the rent or revenue of any such land as is referred to in clause (*a*) or by the cultivator, or the receiver of rent in kind of any land with respect to which or the produce whereof any operation mentioned in clause (*b*) is carried on

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue, or the cultivator or the receiver of the rent in kind, by reason of his connection with the land requires as a dwelling house, or as a store house, factory or other out building, or

The principle of this exemption is that the building in question is necessary to the owner in the exercise of his vocation as landholder and agriculturist But while he is exempt from the tax in respect of the annual value of the homestead appurtenant to his land he will be assessable in respect of any other house he may own (*R S C 22nd January* 18[illegible]). Where a building is occupied by its owner the mode of assessment is described in section [illegible]

(*d*) any profits of a shipping company incorporated or registered out of British India and having its principal place of business out of India and its ships ordinarily engaged in sea going traffic out of Indian waters, or

In the first Bill (section 10) it was proposed to tax the profits of shipping companies having ships engaged in trade between British India and any other country but from the Act this clause was omitted because a similar provision in the Income Tax Acts of 1869 and 1872 had proved unworkable and in practice inoperative and therefore this special exemption clause was added The Select Committee when framing this exemption clause had under consideration a letter from James L Mackay Esq to the Hon ble R Steel No 17 dated the 13th January 1886 setting forth the difficulties of working section 10 of the original Bill Among other illustrations which he offered to show how impossible it would be to give a correct return of the profits a vessel made in Indian trade he mentioned the following instances —

Take the case of the British India Company s steamers We have a considerable number of ships employed in Eastern waters but very few of their voyages are purely Indian We have a large trade with Ceylon the Straits Settlements Persia Arabia East Africa, Egypt Queensland and Australia France England Java and Portugal The voyages of our vessels are so mingled together cargo is transhipped from one to the other it would be impossible to say how much of our nett profits or losses are made in trade clear of British India

What applies to our case applies with probably equal force to other shipping concern and to all ships generally and I cannot see how it will be possible for owners to state with any accuracy what their assessable profits are Then when is the collection to be made?

Take the case of a sailing ship she may not have been in India before and her voyage may not be terminating for months after she leaves Calcutta Her owners may have no recognised agent here the captain may be his own owner and his own agent Is he to leave a deposit calculated on his possible profits and how are they to be ascertained? What hold will the Government have on a vessel that has left India? So far as I can see the levy of an income tax on ships and shipping companies is surrounded with so many difficulties it will be found impossible to work it and I think the Government should exempt from taxation the mercantile marine trading in and with India more specially in view of the fact that the shipping interest at the present time is in a most depressed state

(*e*) any income derived from property solely employed for religious or public charitable purposes, or

1 This clause is based on a similar provision in Act VIII of 1872 The exemption covers educational endowments It is necessary to guard against attempts at evasion of the Act by colorable gifts to idols or any like device (*R S C 22nd January* 1886)

2 Any claim to exemption from the levy of the tax on the interest of securities employed solely for religious or public charitable purposes within

the meaning of this clause must be supported by a certificate from the Collector in Form D (G I Rule 10)

3 The rules do not prescribe the procedure for establishing claims to exemption when the property is other than interest on securities and it is not clear whether the exemption should be proved before payment of the tax or can be admitted afterwards The practice in England is to admit proof after payment and to grant refunds

4 Under former Income Tax Act when a claim to exemption was made on account of property being debuttur proof was required that the proceeds were still devoted to the purpose for which they were originally intended before the claim was admitted (*B P* 9 *26th July* 1861)

5 The income of the industrial department of the S P G Central Boarding School at Calcutta is specially exempted under this clause (*G B* 1634 *21th July* 1886)

6 A sum expended by a person from his profits for charitable purposes is not exempted (*B P* 32 33 *26th April* 1861)

7 The income of the Gywals or priests of Gya being derived from voluntary contributions of visitors to Gya is subject to assessment except as regards such portion of it as may be proved to be devoted to keeping up temples and shrines (*B P* 43 *19th March* 1861)

8 Exemption from assessment of village profits was asked for on the ground that the amount was spent in giving alms to the poor and also on the ground of the petitioner s loyal services during the mutiny Held that this claim was inadmissible (*B P* 9 *25th May* 1861)

9 A body of mohunts petitioned for exemption on the ground that their incomes were derived from amritmonohee lands *i e* endowed lands of Juggernath and were devoted exclusively to religious and charitable purposes The Collector represented that it was notorious that instead of giving themselves up solely and exclusively to a life of religious devoteeism practising self abnegation of wealth and worldly comfort and living as ascetics in poverty and indigence they were extensively engaged in trade and as a class were the best provided with native luxuries and lived in the enjoyment of more wealth and affluence than any other class of people in the district On this it was ordered that the profits of the trade on which some of the funds derived from property settled on the mohunts is said to be employed should be ascertained and taxed as in the case of any other income derived from trade and that the Collector should proceed in the usual course requiring returns to be made and if dissatisfied with them should surcharge and where he considered a title to exemption to be made out should report for remission (*B P* 45 *2nd July* 1861)

10 Application was made to exempt a promissory note for Rs 8 000 a contribution made by certain zemindars and others to the Chooteah Fair Fund in Lohardugga Refused as the fund was neither a religious nor a charitable fund (*B P* 15 *29th November* 1861)

11 Board declined to recommend to Government the application of Gopinath Thakur for exemption of his debutter estate in Bogra (*B P* 33 *29th September* 1863)

12 The salaries of missionaries are not exempt (*B P* 116 *July* 1870)

13 Deductions from income tax liable to assessment should not be llowed on account of subscriptions to religious or charitable institutions *B P* 20 *27th January* 1872)

14 Any part of a person s income spent in charity or religion is not xempted Property from which income accrues must be set apart for haritable or religious purposes and solely devoted to it (*B P* 81 *'uly* 1871)

15 Income of the Calcutta School Book and Vernacular Literary ociety exempted (*B P* 1*st September* 1872)

(*f*) any income which a person enjoys as a member of a ompany or of a firm or of a Hindu undivided family when the ompany or the firm or the family is liable to the tax, or

(*g*) subject to any conditions and restrictions which may be prescribed in this behalf, such portion, not exceeding one sixth of the income in respect whereof a person would, but for this exception, be chargeable under this Act, as is deducted from the salary of the person under the authority or with the permission of the Government for the purpose of securing a deferred annuity to him or a provision to his wife or children after his death or s paid by the person to an insurance company in respect of an insurance or deferred annuity on his own life or on the life of his wife, or

1 This clause is based on a provision in the English law The allowance however was originally confined to persons whose incomes were below a certain limit

2 There is nothing in the Act and rules to show whether the allowance can be claimed after the tax has been paid but the practice in England is to admit such claims even after the close of the year of assessment

3 A deduction made from the amount of salary pension or annuity liable to assessment on account of a payment made to a life insurance company must be supported by the rece pt of the insurance company for the payment and a copy thereof When the deduction is claimed by a servant of the Government or of a local authority the officer paying the salary pension or annuity will compare the original receipt with the copy return the original and attach the copy to the salary pension or annuity bill if the payee is a Government servant and to the statement forwarded with the amount of the tax realised under Rule 1 if the payee is a servant of a local authority (*G I Rule* 4)

4 Where the Collector is satisfied that the original receipt of the insurance company cannot be produced without an amount of delay expense or inconvenience which under the circumstances of the case would be unreasonable he may accept such other proof of payment of the premium as he may deem sufficient (*Ibid*)

5 The amounts exempted from assessment by this clause must not be deducted from income for the purpose of determining whether the income is liable to the tax or of determining the rate at which the tax shall be levied (*Ibid*) Thus a person in receipt of a salary of Rs 590 a year may claim exemption under this clause up to Rs 90 He cannot claim exemption from the tax altogether on the ground that after this deduction his income falls below Rs 500 a year Similarly a person in receipt of a salary of Rs 2 280 a year may claim a deduction up to Rs 380 He cannot claim to be assessed under Part IV (*a*) at less than 5 pies in the rupee on the ground that after this deduction his income falls below Rs 2 000 a year (*Assam Rules*)

6 No deduction can be made from the amount of salary liable to the tax on account of premiums paid to a life insurance company before 1st April 1886 (*G I N* 817 *May 20th* 1886)

7 The amount of premium paid to a Life Insurance Company should be deducted in one sum from the salary bill to which the receipt for the premium is attached and not from the salaries of the several months included in the period of risk covered by the payment of the premium (*G I* 902 *25th May* 1886)

8 Premium to a Life Insurance Company is paid as a rule quarterly and the exemption from income tax will be claimed for the amount each time after the payment has been made Under this clause the premium is exempt from tax only to an extent not exceeding one sixth of income the amount to be deducted on account of premium paid quarterly can therefore never exceed the salary for any month Should however under exceptional circumstances exemption be claimed in any month for the premium paid for a whole year so much of the amount as could be deducted from the salary of the month should be exempted and the balance in the subsequent month

9 Where a premium is paid in England to a Life Insurance Company in sterling the amount of deduction to be made under this clause shall be the actual cost of remittance as stated by the assessee (*G I* 632 *6th May* 1886)

10 But in cases where the applicant is not in a position to say at what rate of exchange any particular remittance was made the official rate of exchange for the year should be applied (*G B* 687*T—F 5th June* 1886)

11 The Provident Fund of the Bengal and North West Railway Company shall be deemed to be a Service Fund within the meaning of rule 13 of the rules prescribed by the Government of India (*G I* 6 [illegible] *7th May* 1886)

12 In the case of the salaries of officials of the East Indian Railway, deductions are allowed of sums paid to the Provident Institution Far[illegible] Pension Fund General Family Pension Fund Hindu Family [illegible] Fund, and to any assurance company as premium on a life policy or d[illegible] annuity Payments to the Guaranteed Fund however were not [illegible] deducted (*G I* [illegible]99 *15th May* 1886)

13 Subscriptions or premiums paid to the Royal Artillery [illegible] Society or to Bombay Mutual Life Assurance Society [illegible] (*G I* [illegible] 2033 *September* 1886)

(*h*) any interest on stock notes, or

(*i*) the salary of any officer, warrant officer, non commissioned officer or private of Her Majesty's Forces or Her Majesty's Indian Forces who is not in an employment which according to the ordinary practice, is held indifferently by military persons and civilians, and whose salary does not exceed five hundred rupees per mensem, or

(*j*) any person whose income from all sources is less than five hundred rupees per annum

The expression income from all sources means all sources whether taxable or not (*B P September* 1886)

(2) An officer or servant is not exempt from taxation under this Act by reason only of the income of his employer being exempt therefrom under this section

Power to make exemptions.

6 The Governor General in Council may, by notification in the *Gazette of India*, exempt from liability to the tax the whole or any part of the income of any class or tribe, or of any persons residing in any specified area, and may, by a like notification, revoke the exemption

1 The income of universities or other associations or bodies existing solely for educational purposes and of local authorities as defined in section 3 clause 1 of the Act is exempt from liability to the tax (*G I* 431 *27th April* 1886)

2 The income of persons residing in the Hill Tracts of Chittagong and not in the service of Government is exempt (*G I* 2003 *6th July* 1886)

3 The salaries of officers serving outside of British India whose services have been lent to and whose salaries are paid by Native States are not liable (*G I* 2650 *21st August* 1886)

CHAPTER III

Assessment and Collection

A —Salaries and Pensions

Mode of payment in case of Government officials and pensioners.

7 In the case of a person receiving any salary, annuity, pension or gratuity from the Government, any sum payable to him by the Government in respect of the salary, annuity, pension or gratuity shall be reduced by the amount of the tax to which he is liable under Part I in respect thereof

1 The distinction between the provisions of sections 7 8 and 9 regarding the mode of payment of the tax chargeable under Part I on salaries annuities pensions and gratuities should be observed In the case

of Government officials and pensioners it will be the duty of the officers making the payment of salaries annuities pensions and gratuities to deduct the amount of tax at the time of payment Similarly in the case of servants and pensioners of local authorities as defined in section 3 clause 1 it will be the duty of the officers making the payment to deduct the amount of the tax and to remit it to the Collector within one week from the date of payment—*vide* rule 1 of the Rules framed by the Government of India

2 Any sums such as payments to regimental mess or band funds or the like compulsorily stopped from salary by the orders or with the approval of Government shall be deducted from the salary previous to assessment A portion of salary withheld in pursuance of an order of a Court is not a sum compulsorily stopped from salary within the meaning of this rule (*G I Rule* 3)

3 Bonuses sanctioned for employés of the Bolan Railway are liable to the tax (*G I* 1722 *July 8th* 1886)

4 Income tax should be calculated on the net salary of the officer after the deductions on account of the service funds to the extent referred to in section 5 (*g*) In the case of any officer claiming exemption in respect of any amount paid by him to an insurance company he should attach to his salary bill the receipt of the company and a copy thereof for the amount paid by him or otherwise satisfy the assessing officer The officer paying the salary pension or annuity will compare the original receipt with the copy return the original and attach the copy to the salary pension or annuity bill after duly attesting the copy under his signature When the Collector is satisfied about the payment of the premium to the insurance company without the production of the receipt he should certify on the bill that the exemption claimed is admissible The amounts exempted from assessment under this paragraph shall not however be deducted from income for the purpose of determining whether the income is liable to the tax or of determining the rate at which the tax shall be levied (*A G Circular* 107 *February* 1886)

5 By section 3 (4) salary includes commission In order to adjust the tax on commission it is not necessary to distribute the amounts over the months for which it is declared but the tax should be levied with reference to the salary drawn in each month *e g* in the case of the commission which is paid twice a year to zilladars and certain other amla of the Opium Department and without which their salaries would not become liable to the tax the tax should be levied on the salary *plus* the commission paid to the employés of the Opium Department in the month in which the commission is paid and no account taken of the commission in other months

6 Salary less than Rs 41 10-8 a month is liable to the tax if the recipient has income coming under other Parts which brings the total income up to Rs 500 or more The person paying the salary should not however question the recipient as to his other income He should deduct the tax solely with reference to the month's salary unless the Collector brings to his notice that the recipient has other income (*G I* 810 *20th May* 1886)

7 By person paying the salary is meant the treasury officer or other Government official whose duty it is to deduct the tax on salaries under this section or the officer whose duty it is to make deductions of the tax in the case of servants of local authorities under section 8

8 The civil revenue authorities are not required to take cognizance of income tax collections from officers serving in the Military Public Works Post Office Telegraph and Imperial Marine Departments whose accounts are not audited by the Provincial Accountant-General District officers need not therefore concern themselves with the realisation of the tax from the salaries of officers of the Public Works or the Postal Department (*G I* 908, *2nd May* 1886)

9 Annuities and allowances bought of and paid by the Postal Department fall within the scope of this section and the tax leviable on these allowances should be realized by the officer whose duty it is to pay them Instructions to the Postal Department will be issued on the subject by the Director General of Post Offices (*G I* 1015 *27th May* 1886)

Mode of payment in case of servants and pensioners of local authorities.

8 (1) In the case of a person receiving any salary, annuity, pension or gratuity from a local authority, the tax to which he is liable under Part I shall, at the time of the payment to him of any of the salary, annuity, pension or gratuity, be deducted therefrom by the officer whose duty it is to make the payment, and be paid by that officer within the prescribed time to the credit of the Government of India or as the Governor General in Council directs

1 The time within which amounts deducted from salary annuity pension or gratuity paid by a local authority under section 8 sub section (1) of the Act must be paid to the credit of the Government of India is fixed at one week from the date of payment of the salary pension annuity or gratuity The payment to the credit of the Government shall be made by remitting the amount to the Collector with a statement giving the following particulars for each person from whom the tax has been realised —

(1) Name
(2) Period for which the salary has been paid
(3) Amount of salary paid
(4) Amount of tax (*G I Rule* 1)

2 A local authority may remit the amount to the treasury either in cash or if the authority has a banking account with it by cheque (*A G* 47 *T M*, *April 19th* 1886)

(2) If that officer does not deduct and pay the tax as required by sub section (1), he shall, without prejudice to any other consequences which he may incur, be deemed to be personally in default in respect of the tax

(3) If, when any payment is made the tax is from any cause not deducted, it may, and on the requisition of the Collector

shall, be deducted when any salary, annuity, pension or gratuity is subsequently paid to the person liable to the tax

(4) The power to deduct under this section shall be without prejudice to any other mode of recovery

All receipts in cash or by cheque on account of the tax should pass through the local Income Tax Office and will be received at the treasury only on challans passed by it (A G 47 T M , April 19th, 1886)

Mode of payment in case of servants and pensioners of companies and private employers

9 (1) The tax to which a person receiving any salary, annuity, pension or gratuity from a company, or from any other public body or association not being a local authority or company, or from a private employer, is liable under Part I shall be payable by him at the time when any portion of the salary, annuity, pension or gratuity is paid to him

Collectors may publish a general notice in the Form W regarding the payment of tax on salaries under section 9 (1) of the Act The notice may be published in any way the Collector may think fit It may be posted up in conspicuous places or it may be distributed from house to house as a hand bill without being placed in a cover or it may be sent by post to individuals (it need not however be registered) or it may be published in the local newspapers

(2) The Collector may, subject to such conditions as may be prescribed enter into an arrangement with any company, or any such body or association as aforesaid, or any private employer, with respect to the recovery on behalf of the Government by the company, body, association or employer of the tax to which any person receiving any salary, annuity, pension or gratuity from the company, body, association or employer is liable under Part I

1 The bill as originally framed imposed on companies and private employers the duty of collecting the tax from the salaries of their employés and made the officer whose duty it was to make the payment of salary personally responsible for the sum he might omit to deduct There was a similar provision in the Acts of 1869 7- but it proved to be a fruitful cause of misunderstanding and disagreement between employers and their subordinates For this reason the section of the bill was modified and it will be observed that in the case of companies public bodies or associations or private employers the law does not compel the officer making the payment to deduct the tax but rules 10 11 and 12 of the Government of Bengal rules have been framed with the object of inducing such officer to make the deduction and to remit the amount to the Collector

2 In the case of a company public body or association, mentioned in sections 9 and 10 of the Act the Collector may cause a general notice in

form E to be published inviting the principal officer of such company public body or association when submitting the return of salaries annuities pensions and gratuities which he is required by section 10 to furnish to the Collector on or before the fifteenth day of April each year to state whether he is willing to collect the tax due from the persons included in the return and to forward the amount to the Collector on condition of being allowed a remission of a portion of the amount payable on the terms specified in rule 13 below The person making the return may subscribe on the return his assent to this arrangement The return will be in form IB (*G B Rule* 10)

3 After the receipt by him of the return mentioned in section 10 the Collector may issue a special notice in form F to the person making the return inviting him to state whether he is willing to collect the tax due from the persons included in the return and to forward the amount to the Collector on condition of his being allowed a remission of a portion of the amount payable on the terms specified in rule 13 below The person making the return may subscribe on the return his assent to this arrangement The return will be in form IB (*G B Rule* 11)

4 The Collector may further cause a general notice in form G to be published inviting every private employer to deliver or cause to be delivered to the Collector within a time to be specified a return in form IB of the salaries as pensions annuities and gratuities payable or paid to persons in his employ or pay and to state when submitting the return whether he is willing to collect the tax due from the persons included in the return and to forward the amount to the Collector on condition of his being allowed a remission of a portion of the amount payable on the terms specified in rule 13 below The person making the return may subscribe on the return his assent to this arrangement (*G B Rule* 12)

5 In the cases in which the agreement referred to in the three last preceding rules is entered into between him and the person making the return the Collector is hereby empowered to grant a remission of 5 per cent if the yearly amount of tax payable by the person included in the return is paid in a lump sum on or before the 15th July or a remission of 3 per cent if the amount is paid in four equal instalments on or before the 15th of May August November and February respectively or a remission of one per cent if the amount is paid in monthly instalments on or before the 7th of each month. Whenever this agreement is entered into the Collector shall grant an authority in form H to the person making the return to collect the tax payable by the persons included in the return (*G B Rule* 13)

6 In the event of any alteration in the course of the year either in the number of persons employed or in the rate of salary pension or annuity mentioned in a return the person making the return or his successor in office shall if required send notice of such alteration to the Collector but such requisition shall not be made in the case of a private employer (*G B Rule* 14)

7 In exercise of the powers conferred by section 8 of the Indian Stamp Act 1879 the Governor General in Council is pleased to remit the stamp

duty payable under the said Act on agreements made under section 9 (2 of Act II of 1886 (an Act for imposing a tax on income derived from sources other than agriculture) (*G I N* 216—*Vide India Gazette of 17th April* 1886 *page* 290)

8 Managers of estates under the Court of Wards and the officers under them are persons in private employ but they are not on this account entitled to the benefit of Rule 13 The rule was framed with the object of relieving the Collector of the difficulty of dealing directly with a large number of assessees but in the case of officers under the Court of Wards the Collector will have no difficulty in realising the amount as he can deduct it from the pay when passing the establishment bill under clause 27 section VII of the Board s Rules for the guidance of officers in the administration of wards and attached estates The amount of tax should be entered in Register IIIA Clerks employed in the Wards Department of Commissioner s and Collectors offices must be treated as Government servants for Income Tax purposes

9 A special arrangement is made with the East Indian Railway Company the chief conditions of which are as follows —

(1) A remission of 2½ per cent of the tax is granted to the Company for undertaking to collect the tax by monthly deductions from the salaries of their employés (2) The Company are allowed with reference to section 5 (g) to deduct from salaries before assessing the tax sums paid to the Provident Institution Family Pension Fund General Family Pension Fund Hindu Family Pension Fund and to any assurance company as premium on a life policy or deferred annuity (3) When a person s salary is reduced he is allowed to begin to pay the tax on the smaller sum in the month in which the reduction came into effect (4) When any monthly salary of less than Rs 41 10 8 per mensem is increased to that sum or more by the payment of overtime allowance or any other payment chargeable with income tax the tax should be deducted on the aggregate sum paid for the month but if at the end of the year the total payments do not amount to Rs 500 then the deductions should be refunded by the Company and recovered from the next remittance made to the Collector (*B P* 99 15*th May* 1886)

Annual return by principal officer of company or association.

10 The principal officer of every local authority and of every company, and of every other public body or association not being a local authority or company, shall prepare, and on or before the fifteenth day of April in each year, deliver or cause to be delivered to the Collector, in the prescribed form, a return in writing showing—

(*a*) the name of every person who is receiving at the date of the return any salary, annuity or pension, or has received during the year ending on that date any gratuity from the authority, company, body or association, as the case may be

form E to be published inviting the principal officer of such company public body or association when submitting the return of salaries annuities pensions and gratuties which he is required by section 10 to furnish to the Collector on or before the fifteenth day of April each year to state whether he is willing to collect the tax due from the persons included in the return and to forward the amount to the Collector on condition of being allowed a remission of a portion of the amount payable on the terms specified in rule 13 below The person making the return may subscribe on the return his assent to this arrangement The return will be in form IB (*G B Rule* 10)

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4 The Collector may further cause a general notice in form G to be published inviting every private employer to deliver or cause to be delivered to the Collector within a time to be specified a return in form IB of the salaries as pensions annuities and gratuities payable or paid to persons in his employ or pay and to state when submitting the return whether he is willing to collect the tax due from the persons included in the return and to forward the amount to the Collector on condition of his being allowed a remission of a portion of the amount payable on the terms specified in rule 13 below The person making the return may subscribe on the return his assent to this arrangement (*G B Rule* 12)

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6 In the event of any alteration in the course of the year either in the number of persons employed or in the rate of salary pension or annuity mentioned in a return the person making the return or his successor in office shall if required send notice of such alteration to the Collector but such requisition shall not be made in the case of a private employer (*G B Rule* 14)

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Annual return by principal officer of company or association.

10 The principal officer of every local authority and of every company, and of every other public body or association not being a local authority or company, shall prepare and, on or before the fifteenth day of April in each year, deliver or cause to be delivered to the Collector, in the prescribed form, a return in writing showing—

(*a*) the name of every person who is receiving at the date of the return any salary, annuity or pension, or has received during the year ending on that date any gratuity from the authority, company, body or association, as the case may be

and the address of every such person so far as it is known, and

(b) the amount of the salary, annuity, pension or gratuity so received by each such person, and the time at which the same becomes payable or, in the case of a gratuity, was paid

1 Every return made under the Act by a local authority company public body or association or private employer shall be subscribed by the person making it with a declaration that it is correctly prepared in accordance with the provisions of the Act (*G B Rule* 9)

2 The name of any person who is receiving at the date of the return prescribed by section 10 of the Act a salary annuity or pension which does not amount to Rs 300 per annum or has received during the year ending on that date a gratuity which does not amount to that sum need not be shown in the return (*G I N 674 7th May 1886 published at page* 313 *of the India Ga ette of 8th May* 1886)

3 Attention is drawn to the distinction which sections 9 and 10 make between private employers and local authorities companies and public bodies or associations It will be observed that while a private employer is not bound to make a return of the salaries &c of his employes the submission of such a return by local authorities companies public bodies and associations is compulsory Further the Collector is not bound to issue any notice to local authorities companies &c warning them of their obligations and it will be observed that section 34 of the Act provides a penalty for failure to submit the return But under rule 10 the Collector may if he thinks fit issue a general notice on the subject The object of this rule is two fold it is intended not only to call attention to the requirements of the Act but to give the persons concerned an opportunity when submitting the return of expressing their willingness to enter into an agreement to collect the tax from their employes on condition of being allowed a remission of a portion of the tax As the return in question must be submitted before the 15th April it is obvious that the general notice in form E should be published before that date in order to be of any use

4. Rule 11 is intended to meet cases where the person making the return has submitted it without any reference to the general notice mentioned in rule 10 which he perhaps may not have seen or considered In such cases the Collector can by the notice which will be addressed to the person making the return call his special attenion to the conditions under which a remission of a certain portion of the tax can be allowed

5 The return which the principal officer of every local company public body or association is bound to make under section 10 is made in form A of the rules prescribed by the Government of India The return

which he is invited to submit by rules 10 and 11 is in form IB of the rules prescribed by the Government of Bengal Form IB is the same as form A with the addition of the form of agreement to collect the tax on behalf of Government

6 A private employer not being bound in the same way as a company and a local authority to make a return of the salaries of his employés rule 12 has been framed with the object of enabling the Collector to invite him to make such return and in order that he may be induced by the remission of a portion of the tax for the sake of saving his employés from avoidable trouble to undertake the collection of the tax and thus relieve the Collector of the difficulty of dealing directly with a large number of assessees Collectors should endeavour to make the arrangement described in the rule wherever it may appear feasible but as the rule is entirely permissive it will of course be understood that no pressure is to be put upon employer to fall into an arrangement under the rule

7 It is not intended by rule 14 that the person making the return should be harassed in the course of the year by enquiries as to changes which may occur in the strength and pay of his establishment To guard against this it is provided that he shall only be bound to send notice of such changes if required to do so but it is only intended that the requisition should be made in exceptional cases as for example where the Collector has reason to believe that large additions have been made to an establishment since the date of making the return or that the original return was incorrectly prepared

8 A person whose monthly salary is Rs 41 10 8 or more but whose total income in the year from all sources is owing to absence on leave or to his being degraded to a lower appointment in the course of the year less than Rs 500 for the year, will be entitled to claim a refund at the end of the year of the amount of tax deducted from his monthly salary In order to obtain refund he should after the close of the year apply to the Collector stating—

(i) his total income in the year giving detail of the several sources

(ii) the amount deducted from his salary in any month of the year

The Collector if satisfied that the total annual income is under Rs 500 will declare the applicant entitled to refund of the amount deducted and the amount will be paid like an ordinary refund (*G I* 810 *20th May* 1886 *and* 1260 *9th June* 1886)

9 If the salary drawn in any month is less than Rs 41 10-8 deduction need not be made on account of the tax on the ground that the salary of other months has been or will be such as to bring the salary of the year up to Rs 500 The tax on salary should be deducted with reference to the salary of each month separately (*G I* 810 *20th May* 1886)

10 In the case of servants whose services are lent to the Court of Wards or public bodies the tax should be levied on the net and not on the gross pay (*G I* 1260 *9th June* 1886)

B.—Profits of Companies.

Annual statement of net profits.

11. The principal officer in British India of every company shall prepare, and, on or before the fifteenth day of April in each year, deliver or cause to be delivered to the Collector, a statement in writing signed by him of the net profits made in British India by the company during the year ending on the day on which the company's accounts have been last made up, or, if the company's accounts have not been made up within the year ending on the thirty first day of March in the year immediately preceding that for which the assessment is to be made, then of the net profits so made during the year ending on the said thirty first day of March.

For the purpose of ascertaining the net profits of a company under section 12 of Act II of 1886 in any year the gross receipts of the company from every source of income not included in Part I and Part III of the second schedule of the Act shall be computed and the net profit shall be determined by deducting from such gross receipts subject to the following restrictions the amount of expense wholly and inclusively incurred in respect of the said sources of income:—

(1).—Deductions from the gross receipts may be allowed on account of the following items:—

(*a*) In the case of professions or trades—

Sums expended in the repairs of implements utensils or articles used solely for the purpose of the profession or trade.

Sums expended for insuring or keeping insured the buildings machinery implements and stock used for the purposes of the profession or trade and rent paid for any premises used for such profession or trade provided that if such premises shall not have been exclusively used for such profession or trade a fair proportion only of such rent shall be deducted from the gross receipts.

One sixth of the rack rent of such premises on account of repairs if such repairs are at the cost of the company whether it has or has not been actually expended during the year of assessment.

Sums expended in the payment of persons employed solely in such profession or trade.

The amount of any losses of the stock in trade. The excess loss sustained in any profession or trade over and above the profits thereof may be set against the excess profits of any other profession or trade exercised by the same person.

The amount of any bad debts for the first time ascertained and written off as such during the year.

Interest paid on money borrowed for the purpose of the trade or profession

(b) In the case of income from houses—

Any rent paid on account of such houses

Sums expended for insuring or keeping insured such houses

One sixth of the rack rent of the houses on account of repairs if such repairs are at the cost of the company whether it has or has not been actually expended during the year of assessment

Sums expended in collecting the rent not exceeding six per cent of the gross rental

Annual interest payable to a mortgagee not in possession

(c) In the case of income from land any rent or land revenue payable for the year of assessment in respect of the land Interest on sums expended in the permanent improvement of the land Sums expended in collecting the rent not exceeding six per cent of the gross rental This will cover cesses and village servants and all such expenses

Annual interest payable to a mortgagee not in possession

(d) *In each of the cases* mentioned above as (a) (b) and (c)—

All income exempt under section 5 of the Act

(2)—No deduction shall be made on account of the maintenance of any officer of the company or his family or domestic establishment or on account of any public or local rate cesses or taxes

Power to require officers of companies to produce accounts.

12 (1) If the Collector has reason to believe that a statement delivered under section 11 is incorrect or incomplete, he may cause to be served on the principal officer of the company a notice requiring him, on or before a date to be therein mentioned, either to attend at the Collector's office and produce or to cause to be there produced, for the inspection of the Collector such of the accounts of the company as refer to the year to which the statement relates and as are in his possession or power

(2) On the day specified in the notice, or as soon afterwards as may be, the Collector shall, by an order in writing, determine the amount at which the company shall be assessed under Part II, and the time when the amount shall be paid and subject to the provisions of this Act, that amount shall be payable accordingly

When the Collector has determined the amount of assessment of a company under section 12 (2) of the Act he shall communicate the fact to the principal officer of the company by means of a notice in form DD which should be sent in a prepaid registered cover

C —Interest on Securities

Mode of payment of tax on interest on securities

13 (1) The tax payable under Part III in respect of the interest on any of the securities mentioned in that Part shall, at the time when and place where any of the interest is paid, be deducted therefrom by the person empowered to pay the interest and be paid by that person within the prescribed time to the credit of the Government of India or as the Governor General in Council directs

(2) If that person does not deduct and pay the tax as required by sub section (1), he shall, without prejudice to any other consequences which he may incur, be deemed to be personally in default in respect of the tax

1 In the case of securities the interest on which is payable by the Government of India the amount deducted on account of the tax under this section shall be paid to the credit of the Government on the same day as the payment of the interest is made (*G I Rules*)

2 In the case of securities the interest on which is not payable by the Government of India the amount so deducted shall be paid to the credit of the Government within one week from the date on which interest is paid The person deducting the amount should pay it to the credit of the Government by remitting the amount to the Collector with a statement showing the following particulars (*ibid*) —

(1) Name of owner
(2) Description of security
(3) Number of
(4) Date of
(5) Amount of
(6) Period for which interest is drawn
(7) Amount of interest
(8) Amount of tax

3 Interest on securities belonging to Service Funds shall not be assessed (*Ibid*)

4 After the close of the year of assessment each Accountant General and Comptroller shall submit Return No II in the form hereto appended to such officer as the Local Government may direct (*Ibid*)

5 Interest becoming due on Government securities on or after the first day of April 1886 will be subject to deduction of income tax at five pies in the rupee unless the owner of the security produces a certificate signed by the Collector that his annual income from all sources is less than Rs 500 or that the interest is employed solely for religious or public charitable purposes in which case no deduction shall be made from the interest or unless he produces a like certificate that his income from all sources is less than Rs 2 000 in which case the rate shall be four pies in

the rupee Whenever the certificates are produced they should be noted under the signature of the Treasury Officer in the register of enfaced notes prescribed in Rule 2 Chapter 14 Civil Account Code and attached to the fir t voucher in which the interest is drawn In subsequent vouchers a *reference* should be made to the voucher with which the certificate was sent (*A G Circular* 107 *February* 1886)

6 Instalments of interest on Government securities which have fallen due before the first day of April 1886 are not liable to taxation notwith standing that they may be actually disbursed after that date On the other hand interest which becomes due on or after the first day of April 1886 is liable to taxation even though it may have commenced to accrue before that date

7 On the question of the liability of Bank Managers under section 13 of the Act to deduct and pay to the credit of Government the income tax payable on fixed deposits the Advocate General has given the following opinion — The question referred to me is whether a banker s fixed depo sit receipt note is comprehended in the words debentures or other securities for money issued by or on behalf of a local authority or com pany used in Part III of the second schedule of Act II of 1886 Lindley J in *B I S N Co vs Commrs of Inland Revenue L R* 7 Q.B D 1,2 said 'what the correct meaning of debenture is I do not know I do not find anywhere any precise definition of it The Indian Legislature has nowhere defined the term but it is unnecessary for the purpose of answer ing the present question to attempt to define it suffice it to say that a banker s fixed deposit receipt note is not a ' debenture nor is it a security for money according to the English authorities and therefore in the absence of any definition of the words security for money in this Act or any other Indian Act it must be held not to be a security for money within the meaning of Act II of 1886

Sir R Malins v c in Hopkins *vs* Abbott L R 19 e g 222 says Now what is a security for money? One would say that an I O U would be a security for money and I should have been inclined to think that it was so but I find that it has been held that under the words securities for money an I O U will not pass If that is so I cannot see how a deposit note from a banker can be considered a security for money (*B P* 151 *August* 1886)

D —Other Sources of Income

Ordinary Mode of Assessment and Collection

14 The Collector shall from time to time, determine what persons are chargeable under Part IV, and the amount at which every person so chargeable shall be assessed

Collector to determine persons chargeable

The persons chargeable under Part IV are those who derive income from sources other than those mentioned in Parts I II or III and falling within the exemptions mentioned in section 6 The chief

are land buildings whether in the owner s occupation or not trades professions and vocations The principle of the Act is that the persons liable are to be invited by a general notice to submit a return of their income to the Collector and that if they fail to do so within a stated time it is open to the Collector to assess them on such information as he has been able to obtain through the instrumentality of assessors Notice of the assessments is given to the person concerned and a reasonable time is allowed him to object The general notice is intended for districts but in any presidency town a special notice may be issued

Mode of making a sess ment.

15 (1) The assessment shall be made upon the income accruing to the person during the year ending on the day on which his accounts have been last made up, or, if his accounts have not been made up within the year ending on the thirty first day of March in the year immediately preceding that for which the assessment is to be made, then upon the income accruing to him during the year ending on the said thirty first day of March

(2) In the case of a person for the first time becoming charge able under Part IV within the year for which the assessment is to be made, or within the year next before that year, the assessment shall be made according to an average of his income for such period as the Collector, having regard to the circum stances, directs

1 Under the Income Tax Act of 1860 the rule was to compute the tax at a sum not less than the full amount of the balance of the profits and income of each profession or employment (after making such deductions as by this Act are allowed within the preceding year) but this was subsequently modified by the rules under Act IX of 1869 which declared that the ascertained profits of the year of account preceding the year of assessment should be *primâ facie* the basis of the Collector s decision due weight being allowed to any special circumstances tending to prove that the profits of the year of assessment would materially differ from the profits of the previous year The rules under Act XVI of 1870 contained an instruction to the person or firm making a return to the effect that the ascertained profits of the previous year of account should be taken as the *primâ facie* basis of the entries but that if there was good reason to believe that the profits for the current year would differ from those of the previous year the entries should be modified accordingly The rule of 1870 was obviously introduced in the interests of the person to be assessed as it is extremely improbable that being only required by law to state his income on the profits of the preceding year he would estimate above those profits When Act XII of 1871 was enacted a clause (section 23) was inserted corresponding with section 15 of the present Act the meaning of which is explained in paragraph 16 of the rules under that Act — The principal

change introduced in the Act is this that assessments are no longer to be made upon an estimate of future incomes but are to be made on the basis *of the actual income accrued during the past year* The assessment is always to be made on this basis in the first instance whatever may be the prospects of income for the year but the assessment so made can be amended if steps are taken for that purpose by the assessee in accordance with section 38 of the Act

As section 38 was framed for the protection of the assessee it is clear that it was not competent to the Collector to increase the assessment of any given year over and above the actual income of the preceding year except in the case of a person becoming for the first time chargeable in the year of assessment and as section 15 of the present Act corresponds with section 23 of Act XII of 1871 the Collector must apparently be guided by the same rule (*For precedents see B P* 143 *July* 1870)

2 A Collector is not entitled to call for and examine the Post Office Savings Bank deposit accounts in order to ascertain a person s income (*B P* 107 *27th March* 1886)

3 Assessors requiring information from the registration officers regarding the value of property may obtain it by personal inspection of the registers (*B P* 6 *August* 1869)

List of incomes under two thousand rupees

16 (1) The Collector shall in each year prepare a list of the persons chargeable under Part IV whose annual income does not in his opinion, amount to two thousand rupees

(2) The list shall be in the prescribed language or languages, and shall state in respect of every such person the following particulars, namely —

(*a*) his name, and the source or sources of the income in respect of which he is chargeable,

(*b*) the *year or portion of the year for which* the tax is to be paid,

(*c*) the place or places, district or districts, where the income accrues,

(*d*) the amount to be paid, and

(*e*) the place where, and the person to whom, the amount is to be paid

(3) The list shall be filed in the office of the Collector, with a notification prefixed thereto requiring every person mentioned in the list to pay, within sixty days from a date specified in the notification the amount stated in the list as payable by him, or to

apply to the Collector, within thirty days from that date to have the assessment reduced or cancelled

(4) The list so filed shall be open to inspection at all reasonable times without any payment

(5) The list, or such part or parts thereof as the Collector thinks fit, with the notification prefixed thereto, shall be further published in such manner as the Local Government may consider to be best adapted for giving information to all persons concerned

(6) The list to be prepared in each year may be the list of the previous year with such amendments as the Collector finds to be necessary

Notices to persons with incomes of two thousand rupees and upwards

17 In the case of a person chargeable under Part IV whose annual income is, in the Collector's opinion, two thousand rupees or upwards, the Collector shall cause a notice to be served on him stating the particulars (a) to (e) both inclusive, mentioned in section 16, sub section (2), and requiring him to pay, within sixty days from a date specified in the notice, the amount stated therein as payable by him, or to apply to the Collector, within thirty days from that date, to have the assessment reduced or cancelled

Power to modify ordinary procedure in special cases.

18 (1) Notwithstanding anything contained in section 16 or section 17, the Local Government may make rules—

(a) authorising or directing a Collector in specified cases or classes of cases to include in a list under section 16 any person who is liable to be served with a notice under section 17 instead of or in addition to serving him with such a notice, and to serve a notice under section 17 on any person liable to be included in a list under section 16 instead of or in addition to including him in such a list,

(b) authorising the Collector in any specified town or place to cause a general notice to be published, inviting every person chargeable under Part IV to deliver or cause to be delivered to the Collector, within a time specified in the notice, a return, in a

prescribed form published with the notice, of his income during the year ending on the day on which his accounts have been last made up, or, if his accounts have not been made up within the year ending on the thirty-first day of March in the year immediately preceding that for which the assessment is to be made, then of his income during the year ending on the said thirty-first day of March,

(c) authorising the Collector in any presidency-town to cause a special notice to be served on any person chargeable under Part IV, inviting him to deliver or cause to be delivered to the Collector within a time specified in the notice, a return, in a prescribed form accompanying the notice, of his income computed in the manner described in clause (b) of this sub-section.

(2) A return delivered under rules made under clause (b) or clause (c) of sub-section (1) must state the period during which the income has actually accrued, and there must be added at the foot thereof a declaration that the income shown in the return is truly estimated on all the sources therein mentioned, that it has actually accrued within the period therein stated and that the person making the return has no other source of income.

(3) When a Collector authorised in that behalf by rules made under clause (b) or clause (c) of sub-section (1) has caused a notice to be published or served under those rules, he shall not include any person to whom the notice applies in any list made under section 16 or serve a notice on him under section 17 until the time specified in the notice published or served under those rules has expired.

(4) Rules made under this section shall be published in the official Gazette.

Time and place of payment.

19. Every amount specified as payable in a list or notice prepared or served under section 16 or section 17 shall be paid within the time, at the place, and to the person mentioned in the list or notice.

RULES AND INSTRUCTIONS REGARDING MODES OF ASSESSMENT

1 The list mentioned in section 16 sub section 3 shall be filed in the office of the Collector of the district and in Calcutta in the office of the Collector 4 Bankshall Street The list may be filed in parts as each part is prepared but there should be a separate notification in form K for each part and each part should be signed by the Collector and bear the date specified in the notification which relates to it The list to be filed shall be prepared in English and the register of assessees in such form as may be prescribed by the Board of Revenue shall be deemed to be the list if the Collector thinks fit to adopt it as such instead of filing a separate list (*G B Rule* 15)

2 Each part shall be closed on the date specified in the notification which relates to it and no fresh names shall be added to the part after that date (*G B Rule* 16)

3 The list to be published and the notification prefixed thereto shall be in the language of the district to which they refer but the Collector *if he thinks fit may also publish them in English* (*G B Rule* 17)

4 The publication of the list or part or parts thereof and of the notification mentioned in section 16 sub section (5) shall be made in villages by affixing them at the post office and in towns either by affixing them at the municipal office or by means of a notice in a local newspaper informing the public that the list is open for inspection at the office of the Collector whichever mode of publication the Collector may think fit to adopt The publication in Calcutta its Suburbs and Howrah shall be made by means of a notice to be affixed at the police stations informing the public that the list is open for inspection at the office of the Collector and by a similar notice in the *Calcutta* and *Exchange Gazette* (*G B Rule* 18)

5 In exercise of the powers conferred upon him by section 18 of Act II of 1880 the Lieutenant Governor is pleased—

(*a*) to give a general authority to Collectors to include in a list under section 16 any person who is liable to be served with a notice under section 17 instead of or in addition to serving him with such a notice and to serve a notice under section 17 in form L on any person liable to be included in a list under section 16 instead of or in addition to including him in such a list in cases in which they may consider it advisable to do so

(*b*) to give a general authority to Collectors to publish, in any manner which may be most suitable a general notice in form M and

(*c*) to authorise the Collector in Calcutta to cause a special notice in form N to be served on any person chargeable under Part IV of the Act inviting him to deliver or cause to be delivered to the Collector or at the Collector's office within a time to be specified in the notice which shall not be less than seven days a return in form II B of his yearly income A form of the return will accompany the notice (*G B Rule* 19)

6 For the purposes of the Act each district will be divided into circles which should be identical with the existing sub divisions of the district and be numbered consecutively beginning with the sudder division For special reasons circles may be otherwise arranged with the sanction of the Commissioner of the Division The work of assessment will be carried on by the Income Tax Deputy Collector aided by a staff of assessors In those districts in which more than one assessor is appointed the Collector may employ the assessors in the different circles as he may think fit

7 The work in connection with the maintenance of registers and the preparation of returns will be performed at the head quarters of the district Sub-divisional officers will not ordinarily be required to undertake the work of assessment but they will be expected to co operate cordially with the assessors and to give them the full benefit of their local experience and authority

8 All statements and returns will be submitted by assessors to the Income Tax Deputy Collector at head quarters All instructions for the guidance of assessors from the higher authorities will issue through him The Deputy Collector will subject to the approval of the Collector of the district frame detailed instructions for the guidance of assessors and a scheme of operations for their circles Each assessor will be provided with a complete list of villages within his circle He will also be supplied with a list of persons assessed under the repealed License Tax Act II (B C) of 1880 The assessor will personally hold local enquiries in order to verify the correctness of the list and prepare a revised list for assessment under the present Act

9 Assessors will keep a list of villages in each sub division or circle in the following form —

1 Name of village
2 Period during which assessment was begun and completed
3 Number of persons assessed

And on the third day of every month they will forward to the Collector a return in form IIIB—

10 In villages where any Municipal Act is in force or in which the Chowkidari Act VI of 1870 has been introduced assessors should avail themselves of the local information obtainable from Municipal Commissioners and local punchayets Objections should be tested as far as possible with their assistance and every endeavour made to obtain by patient and careful personal enquiries reliable information as to the circumstances of persons liable to assessment It is hoped that if these enquiries are fully and carefully made in the first instance the work of revision in subsequent years will be considerably diminished and much of the harassment and unpopularity which has in previous years attended the imposition of similar taxes avoided

11 The assessor should endeavour before leaving the villa[illegible] dispose of any objection which may be urged against his asses[illegible]

by every means in his power to secure the acquiescence of parties to statement submitted by him If an assessor can certify on his list tha the presence of the punchayet all parties admitted the correctness of return an immense amount of trouble will be saved It is the assess duty not only to see that no one is omitted from his list but to obtain possible, from the parties themselves an admission that their incom fairly stated

12 As soon as possible, after the 1st April in each year the Collec will prepare a list of the persons chargeable under Part IV of the sec schedule of the Act whose annual income does not in his opinion amo to two thousand rupees Attention is invited to Rules 15 to 18 as to manner of filing and mode of publication of the list and also to Rule which gives a general authority to the Collector if he thinks fit to incl in the list persons whose annual income is two thousand rupees or upwar It is left optional with the Collector to publish the list with the notificat prefixed thereto in such other manner he may think desirable The l should be made out village by village and when the village list is co plete it should be published with the notification in the village its The period of limitation to run from the date of such publication wh should be attested on the list by the signatures of two of the leading n of the village

13 Rule 15 provides that the list mentioned in section 16 may filed in parts The object of this is to enable the Collector to publish notification and lists from time to time as they may be ready and order that he may not have to delay operations until the whole list is co plete for the district The rule further provides that there shall b separate notification for each part and that each part shall be signed the Collector and bear the date specified in the notification which relates it The object of this is to provide a safeguard against the insertion names in any part after the publication of the notification referring to The parts should be prepared as much as possible according to stree villages mahallas and other local divisions If any persons are found have been omitted from any part after the date of publication of the no fication referring to such part a fresh part should be opened in which t names omitted should be entered In order to save the undue multiplic tion of parts the Collector should however use every endeavour to ma a part complete in respect of the locality to which it refers before public tion of the notification.

14. In sending out the lists and notifications under Rule 15 f publication at the Post Office they should be sent in a registered cove addressed to the village post master with the request that he will af them to the notice board at the Post Office and inform you that he h done so Where this is done there will be no need of sending out peons publish the lists or to obtain the signatures of witnesses to the publicatio

15 Incomes over Rs 5 000 will be noted but not assessed by t assessor The Income Tax Deputy Collector will on information suppli by the assessor and on a return himself fix the assessment where t

amount is less than two hundred and fifty rupees but where the amount of assessment is two hundred and fifty rupees or upwards it will be determined by the Collector of the district As each list of assessees is received at head quarters it will be scrutinised by the Income Tax Deputy Collector and the contents copied into the appropriate register of assessment

16 The special notice (form L) to be issued under section 17 of the Act on all assessees not included in the list published under section 16 with the notification in form K will be based on the lists supplied by the assessors and on such returns of income as the parties may be disposed to furnish in response to the general notice M or the special notice N It should be observed however that the special notice N only applies to Calcutta The date mentioned in the form of general notice is the 1st April but as this date was only intended for the first issue of the notice it is open to the Collector to specify a different date in the notice which may be issued from time to time as the Collector may think fit

17 When the returns given in under section 15 are not sufficient to enable the assessing officer to fix his assessment he must make such enquiries as seem to him advisable Any information acquired by the assessing officer as to property held by non residents or to trades and professions carried on by them must be forwarded to the proper authority whether the Collector of another district or sub divisional officer in the same district The profits of every resident person thus interested must be also ascertained as far as possible and wherever it appears probable that any resident has houses or exercises any trade or profession in some other place also whether in the same or in another jurisdiction further official references directed in rule 23 must invariably be made

18 In case of refusal or neglect to fill up the form of return, the Collector will after ascertaining as far as means at his disposal admit of the various sources of income fill up the notice [in form L] and cause it to be served on the person in the manner prescribed by section 46

19 Assessors with the sanction of the Income Tax Deputy Collector are authorised to serve a notice under section 17 on any person liable to be included in a list under section 16 instead of including him in such a list Under the same sanction they may also include in a list under section 16 persons liable to be served with a notice under section 17 The notices should be placed in a closed cover to ensure secrecy

20 The notices will be written up at head quarters simultaneously with Register I which will contain all the particulars furnished in the notice with mode of service &c No other register of notices beyond a post book need be maintained

21 When notices are served by peon witnesses to the service should be procured and the peon s return of service carefully filed

22 The register of assessment has been so framed under this Act as to contain against each assessee s name every circumstance of note in connection with his assessment The district officer is enjoined to inspect this register frequently and see that it is not only kept up in every detail

but that entries are promptly made On the completeness of this register much of the success of operation in future years will depend

23 In the first year of the operation of the Act it has been deemed advisable to give Collectors the widest possible discretion in the exercise of the powers referred to in section 18 (1) of this Act* Rule 19 therefore has been framed so as to give Collectors a general authority to act as they may think best in such matters They should however take special note of the manner in which the powers under clause (a) sub section 1 are exercised in order that they may be prepared if required to make definite proposals as to the specific cases or classes of cases to which the provisions of the clause should be applied in future years

Trustees, Agents, Managers and Incapacitated Persons

Trustees guardians and committees of incapacitated persons to be charged

20 A person being the trustee, guardian, curator or committee of any infant, married woman subject to the law of England lunatic or idiot, and having the control of the property of the infant, married woman, lunatic or idiot, whether the infant, married woman, lunatic or idiot resides in British India or not, shall if the infant, married woman lunatic or idiot is chargeable under Part IV, be chargeable under that Part in like manner and to the same amount as the infant would be chargeable if he were of full age, or the married woman if she were sole, or the lunatic or idiot if he were capable of acting for himself

Where income in Administrator General s hands belongs to infants or married women subject to the law of England he may under this section be regarded as their trustee and be charged accordingly So also in the case where an Administrator General pays income to persons not resident in British India he may be regarded as their agent within the meaning of this section and be charged accordingly But in no other case can an Administrator General be assessed in his official capacity with income tax on income received by him on account of estates in his hands such income can be got at only when it reaches the hands of the next of kin or other persons entitled thereto An Administrator General is charged personally with income tax on the commission which he deducts from the assets passing through his hands (*B P* 121 *March* 1870)

Non residents to be charged in names of their agents

21 Any person not resident in British India, whether a subject of Her Majesty or not, being in receipt, through an agent, of any income chargeable under Part IV, shall be chargeable under that Part in the name of the agent in the like manner

* On the contrary in the Punjab the publication is restricted to municipalities cantonments civil stations sub-division and a few specified places (Punjab Rules)

and to the like amount as he would be chargeable if he were resident in British India and in direct receipt of that income

A banker acting for a constituent as agent and being in receipt on his behalf of income liable to assessment would be bound to furnish a return when required to do so under section 48 (*B P* 9/8 *April* 1869)

Receivers managers Courts of Ward Administrators General and Official Trustees

22 Receivers or managers appointed by any Court in India, the Courts of Wards, the Administrators General of Bengal, Madras and Bombay, and the Official Trustees shall be chargeable under Part IV in respect of all income officially in their possession or under their control which is liable to assessment under that Part

Power to retain duties charged on trustees &c

23 When a trustee guardian, curator, committee or agent is, as such, assessed under Part IV,

or when a receiver or manager appointed as aforesaid a Court of Wards, an Administrator General or an Official Trustee is assessed under that Part in respect of income officially received,

the person or Court so assessed may, from time to time, out of the money coming to his or its possession as trustee, guardian, curator, committee or agent, or as receiver, manager, Court of Wards, Administrator General or Official Trustee, retain so much as is sufficient to pay the amount of the assessment

Occupying owners

Provision for tax on occupying owners

24 (1) Where a building is occupied by its owner, it shall be deemed a source of income within the meaning of this Act, and, if liable to be assessed under this Act, shall be assessed at five sixths of the gross annual rent at which it may reasonably be expected to let, and, in the case of a dwelling house, may be expected to let unfurnished

(2) "Owner," as used in this section with reference to a building, means the person who would be entitled to receive the rent of the building if the building were let to a tenant

1 In making assessments on buildings occupied by the owner the provisions of this section and of rule 6 of the Government of India rules cited below should be followed The tax will be levied on a building so occupied for such year or portion of the year as the same is occupied

2 The amount to be assessed on account of the building occupied by the owner shall not in any case exceed 10 per cent of the aggregate income

of the owner derived from all sources It will not however, be understood from this that a maximum of 10 per cent of the aggregate income of the owner is to be considered equivalent to the letting value of his house The letting value will in all cases be ascertained on the best data available in view of the circumstances of the locality in which the house is situated (*G I Rule* 6)

3 The expression from all sources and in the above rule means all sources of income whether taxable or not (*B P September* 1886)

4 The allowance of one sixth was clearly intended to cover repairs—*Vide* section 132 of Act XXXII of 1860 to which a reference was made by the Select Committee

5 The Nizamat buildings at Moorshedabad belonging to His Highness the Nawab Nazim were assessed by the Collector (His Highness having failed though repeatedly called upon to do so to give in any return) at a rack rent of Rs after deduction for repairs (*B P* 28 *29th October* 1861)

6 Houses which are occupied for trade purposes only and which consequently do not fall within the limits of the tax are very usually placed in the charge of care takers who reside on the premises Does the fact of such residence convert the house into a dwelling house? The rule in England is that if the care taker is a *boná fide* menial servant and resides on the premises solely for the purpose of taking charge of them his residence does not render them liable to duty but the exemption may be easily abused unless the cases to which it applies are closely watched

7 One sixth may be deducted from the rent for repairs and the whole of the ground rent if paid by the owner but no deduction can be allowed on account of municipal or other local cesses

8 Collectors have enquired how they are to determine the letting value of the building when they do not know and have no means of ascertaining the aggregate income of the owner The answer is that it is not absolutely necessary that the Collector should ascertain the income of the owner in order to determine the letting value The maximum limit laid down in the above rule was prescribed in the interest of the owner who can object if the amount fixed by the Collector exceeds that limit The Collector should determine the letting value as best as he can with reference to the general circumstances of the case leaving it to the owner to object if he fixes it too high on the ground that the authorised maximum has been exceeded Should the owner make such an objection the onus of proving what his profit is will rest on him

CHAPTER IV

Revision of Assessment

Petition to Collector against assessment under Part IV

25 (1) Any person objecting to the amount at which he is assessed, or denying his liability to be assessed, under Part IV may apply by petition to the Collector to have the assessment reduced or cancelled

(2) The petition shall ordinarily be presented within the period specified in the notification prefixed to the list filed under section 16, or in the notice served under section 17, as the case may be But the Collector may receive a petition after the expiration of that period if he is satisfied that the objector had sufficient cause for not presenting it within that period

(3) The petition shall as nearly as circumstances admit, be in the form contained in the third schedule to this Act, and the statements contained in the petition shall be verified by the petitioner or some other competent person in the manner required by law for the verification of plaints

1 In proceedings under Act XVI of 1870 in which a Collector informed on good authority that a man not liable to the income tax had been assessed under it took no active measures to ascertain the truth of the statement it was held that it was the Collector s clear duty when a case of gross abuse of the law and gross oppression under the law was put before him on most respectable testimony to have instituted an immediate and searching enquiry into it irrespectively of any formal proceedings under the law for the cancelment of the assessment (*Board s No 319B dated 20th June* 1870)

2 Blank forms of petition for reduction or cancellation of an assessment under this section should be kept available and supplied free of charge to persons requiring them

3 The fee payable under the Court Fees Act of 1870 on an application to a Collector or to any officer or person exercising all or any of the functions of a Collector with respect either to liability to assessment or to the amount of an assessment under Act II of 1886 shall be limited to one anna (*G I N No 1983 dated 16th July* 1886 vide *page* 423 *of the India Gazette* ' *of 17th July* 1886)

26 The Collector shall fix a day and place for the hearing of the petition, and on the day and at the place so fixed, or on the day and at the place if any to which he has adjourned the hearing shall hear the petition and pass such order thereon as he thinks fit

Hearing of petition

1 The practice as regards the production of documents in appeal cases under Act XXXII of 1860 was as follows —The appellant was not required to attach any documents to his petition of objection but the Collector or Commissioner disposing of the petition sat with closed doors and there received from the appellant s hands and discussed with him verbally the documents and proofs by which he supported his own return of income and his objections to the assessment Act XVI of 1870 however provided that a copy of documents connected with the case should accompany the petition. The Bengal Chamber of Commerce in that year

objected to this procedure as unnecessarily exposing a merchant s trans actions to too much publicity and it was then ordered by Government on the recommendation of the Board of Revenue that it would be quite sufficient if a list of the documents were presented with the petition the documents themselves being brought on the day of hearing As regards the power of the Collector to retain papers produced as proofs before him the Board ruled that he could not retain any except with the objector s consent though there was nothing to prevent the Collector making a note of the reasons which had induced him to reject the objection but it was further noted that if the note referred as it necessarily often would to documents which had been produced and to figures shown therein it should be kept under lock and key and if required by the Commi sioner should be sent in a sealed envelope The Income Tax Act passed subse quently to 1870 only required that a list of the documents should accom pany the petition of objection It will be convenient to follow this rule and the practice anctioned by Government in 1870

2 The power of hearing and passing orders on petitions of objection under this section shall not be exercised by Income Tax Deputy Collectors except in cases where the amount of assessment to which the petition relates is less than Rupees two hundred and fifty (*G B Rule* 7)

3 Ordinarily the Income Tax Deputy Collector will pass orders on objections within this limit It is not intended by rule 7 to restrict the power which the Collector of the district possesses under this section of hearing and passing orders on all petitions of objection under section 25 presented to him whatever the amount but merely to provide a reasonable working rule by which the Collector can utilise the services of an experi enced Income Tax Deputy Collector to the best advantage The Collector of the district can however pass orders on objections in all cases whatever the amount of the assessment may be

4 In order to reduce the number of objections to be decided by the District Collector and the Income Tax Deputy Collector it will be advisable to utilise the services of the assessors in the disposal of objections In this view the following instructions which are subsidiary to the general rules have been issued A petition of objection may be referred to an assessor for disposal in cases where the amount of assessment is less than rupees forty two In such cases the sub divisional officer on an application made within 15 days from the date of the assessor s order on the petition of objection may call for the record and revise the assessment In districts in which there are no sub divisions or where the objector is assessed within the sudder sub division of the district the application for revision should be made within the period above specified to the Income Tax Deputy Collector

5 An assessor will be deemed to be acting in an executive capacity and not as exercising the powers of a Collector The object of referring a petition to him for disposal is to give him an opportunity of reconsider ing the assessment and satisfying the assessee that it is correct but he has practically no power under the Act nor is it necessary to vest him with any He is really an executive officer working under the orders of the Collector and is in fact the means by which the Collector will exercise many of the

powers which he possesses under the Act If the assessee is satisfied with the assessor's decision it will become final on being confirmed by the Collector unless that officer should choose to alter the assessment later on under the general power of revision which he exercises if he is not satisfied he can apply to the sub-divisional officer or to the Collector who can refer the case for disposal to the sub divisional officer

6 Under the notification of the Government of Bengal dated 27th April 1886 published at page 500 of the *Calcutta Gazette* of the 5th May 1886 officers in charge of sub divisions in Bengal are vested with the powers of a Collector under section 26 of the Act within their respective jurisdictions to hear and pass orders on petitions of objections presented under section 25 These powers should be exercised in accordance with the above instructions

7 It is not intended that the sub divisional officer shall receive petitions generally but the object of investing him with powers is to enable the Collector to make over to him petitions for report and also to enable the sub-divisional officer to dispose of a certain class of objections as mentioned in paragraph 37 of the first series of instructions But in order to save assessees the trouble and inconvenience of a journey to the head quarters of the district the sub divisional officer may receive petitions and forward them to the Collector for orders Should however the assessor happen to be within the sub division he may at once refer to him for disposal petitions relating to assessments of less than forty two rupees

Petition to Commissioner for revision.

27 Subject to the control of the Local Government, the Commissioner of the Division on the petition of any person deeming himself aggrieved by an order under section 12 sub section (2), or section 26, shall if the amount of the assessment to which the petition relates is two hundred and fifty rupees or upwards and may, in his discretion if the amount of the assessment is less than two hundred and fifty rupees call for the record of the case and pass such orders thereon as he thinks fit

The Commissioner of the Division has power to call for the record of any case and revise the order of the Collector In the case of an appeal against an order of the Income Tax Deputy Collector the *Commissioner* should not refer the petition for report to the Collector but deal with it direct The officers empowered to pass an order under section 25 are the sub divisional officer the Income Tax Deputy Collector and the Collector of the district

Power to summon witnesses &c

28 The Collector or Commissioner may, for the purpose of enabling him to determine how the petitioner or the company which he represents should be assessed summon and enforce the attendance of witnesses and compel them to give evidence, and compel the production of

documents, by the same means, and, as far as possible, in the same manner, as is provided in the case of a Civil Court by the Code of Civil Procedure*

XIV of 1882

Provided that the Collector or Commissioner shall not call for any evidence except at the instance of the petitioner or in order to ascertain the correctness of facts alleged by him

The expenses of witnesses summoned under this section will be borne by the person at whose instance they are summoned

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CHAPTER V

Recovery of Arrears of Tax

Tax when payable

29 The tax chargeable under this Act shall be payable at the time appointed in that behalf in or under this Act, or, if a time is not so appointed, then on the first day of June in each year

1 The tax on salaries annuities pensions and gratuities under Part I is ordinarily payable at the time when any portion of the salary &c is paid A person in the receipt of a monthly salary should forward the amount of tax to the Collector at the time when the salary is paid to him Failure to do this renders the defaulter liable to pay double the amount of tax For rates of tax and modes of payment see form W page 115

2 But in the case of companies public bodies or associations and private employers who agree to collect the tax from their employés under rule 13 the dates of payment are 15th July if the tax is paid yearly the 15th May August November and February if paid quarterly and the 7th of each month if paid monthly

3 The tax on profits of companies under Part II in cases where the Collector accepts the annual statement of net profits delivered under section 11 of the Act as correct is payable on or before the first day of June in cases under section 12 where the Collector requires the production of accounts the tax is payable on a date to be fixed by the Collector which should ordinarily not be more than 15 days from the date of his order

4 The tax on interest on securities under Part III when the interest is payable by the Government of India is payable on the same day as the payment of the interest is made and in other cases within one week from the date on which the interest is paid (see note to section 13)

5 The tax on income chargeable under Part IV may be paid in two equal instalments where the amount is rupees fifty or upwards and the instalments shall be payable on the sixtieth day from the date specified in the notification under section 16 or in the notice under section 17 of the Act as the case may be and on the 1st of October respectively Where no instalments are allowed the tax shall be payable on the first of these dates (*G B Rule* 21)

6 As section 30 (5) allows but a small margin of time for the recovery of the tax after the expiration of the year it behoves Collector to watch carefully the latest dates of payment

7 Payments voluntarily made may be received at any time

8 There is no objection to payments in advance subject to prospective adjustment provided the assessment be not delayed in consideration of such advance payment (*B B* 25 *19th February* 1861)

Mode and time of recovery

30 (1) In any case of default under this Act the Collector in his discretion, may recover a sum not exceeding double the amount of the tax either as if it were an arrear of land revenue or by any process enforceable for the recovery of an arrear of any municipal tax or local rate imposed under any enactment for the time being in force in any part of the territories administered by the Local Government to which he is subordinate, or may pass an order that a sum not exceeding double that amount shall be recovered from the defaulter

Provided that, where a person has presented a petition under section 25, such sum shall not be recoverable from him unless, within thirty days from the passing of the order on the petition, he fails to pay the amount, if any, required by that order

1 Ordinarily the mode of recovery provided in the Bengal Municipal Act should be adopted

2 Every warrant of distress and sale for the recovery of the tax under the process enforceable for the recovery of an arrear of any municipal tax shall be issued by the Collector in form X

3 The defaulter shall be served with an inventory of all the moveable property seized and a notice in form Y

4 The report of the officer executing the warrant of distress and sale shall be in form Z

5 The provisions of sections 121 to 125 and 127 of Act III of 1884 (B C) should be observed by the district officers and of sections 122 to 125 of Act IV of 1876 (B C) by the Collector of Calcutta so far as they may be applicable when the tax is recovered like an arrear of the municipal tax These provisions are contained in Appendix page

6 Fees upon distraints should be levied in districts under Act III of 1884 (B C) at the rates set forth in Appendix B and in Calcutta under Act IV of 1876 (B C) at the rates set forth in Appendix C

7 Before issuing a warrant of distress and sale for the recovery of tax referred to in the first paragraph of these instructions a notice of demand shall be issued as regards arrears under Part I in the form A A The notice may either be issued in a printed form and served by peons or be written or printed on post cards for despatch by post as the

Collector may think fit As regards arrears under Part IV no further notice of demand appears to be necessary after the issue of notices K and L but the Collector may serve a further notice in form BB if he thinks proper

8 Where the parties are present when an objection is disposed of no further notice of demand is necessary Where they are not present the Collector should send a notice in form CC which may be issued in the same manner as notice AA mentioned in paragraph 6

9 All proceedings instituted against defaulters under section 30 shall be entered in Register No X *vide* Appendix D

10 The provisions as to the remedy by distress on moveable property are applicable only to the case where goods or chattels of the defaulter can be found (*i e* have an actual locality) and can be sold and does not authorise the attachment of money due to a defaulter (*Advocate General B P 76 24th December* 1861)

11 It is competent to the Collector to review any order passed by himself or his subordinates under this section for the imposition of a penalty and to remit in part or whole any such penalty

(2) The Local Government may direct by what authority any powers or duties incident under such enactment as aforesaid to the enforcement of any process for the recovery of a municipal tax or local rate shall be exercised or performed when that process is employed under sub section (1) for the recovery of the tax chargeable under this Act

(3) An order passed by the Collector under sub section (1) shall have the force of a decree of a Civil Court in a suit in which the Government is the plaintiff and the defaulter is the defendant, and the order may be enforced in manner provided by the Code of Civil Procedure* for the enforcement of decrees for money, and the procedure under the said Code in respect of the following matters, namely,—

XIV of 1882.

(*a*) sales in execution of decrees

(*b*) arrest in execution of decrees for money,

(*c*) execution of decrees by imprisonment,

(*d*) claims to attached property, and

(*e*) execution of decrees out of the jurisdiction of the Courts by which they were passed

shall apply to every execution issued for levying the sum mentioned in the order, save that all the powers and duties conferred and imposed by the said Code upon the Court shall be exercised and discharged by the Collector by whom the order has been

made or to whom a copy thereof has been sent for execution according to the provisions of the said Code, sections 223 and 224

In every case of default in which the Collector may for special reasons deem it necessary to recover the tax and penalty in the manner prescribed in the Civil Procedure Code a formal order must be passed by him under this section directing that the amount due be realised from the defaulter This order will have the force of a decree of a Civil Court Arrest of the person should usually be resorted to in those cases only in which there is reason to suppose that the defaulter intends to abscond Whenever any subordinate collecting officer may be of opinion that execution should be taken out against immovable property or that a certificate should be recorded under Act VII (B C) of 1880 he must report fully his reasons for thinking such a course necessary It will be at the option of the Collector to permit the adoption of that course or to require the subordinate officer to proceed by any other of the modes of realisation allowed by law

(4) The Local Government may direct, with respect to any specified area, that the tax chargeable under this Act shall be recovered therein with, and as an addition to, any municipal tax or local rate by the same person and in the same manner as the municipal tax or local rate is recovered

No orders have been issued by the Lieutenant Governor of Bengal under this clause and it is intended that the Collector should recover the tax by his own agency and not employ the municipality to collect it

(5) No proceedings for the recovery of any sum payable under this Act shall be commenced after the expiration of three months from the last day of the year in respect of which the sum is payable

It is necessary that prompt measures should be taken for the execution of processes for the recovery of the tax inasmuch as by this clause a limit is placed to the time within which an arrear may be recovered

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CHAPTER VI

Supplemental Provisions

Composition

Agreements for composition.

31 (1) If a company or person desires to compou... the tax assessable under Part II or ... as the case may be, the Coll... subject to such rules as may be prescribed in this be...

with the company or person for a composition for the tax on such terms and for such period as he thinks fit

(2) The agreement shall provide for the payment, in each year of the period comprised in the agreement, of the amount of the composition, and that amount shall be recoverable in the same manner and by the same means as any other assessment made under Part II or Part IV, as the case may be

1 An application to compound the tax should be made before the 1st July in each year and may be admitted on the average income of no less than three years as the Collector may direct The term of the composition shall not exceed three years The agreement to compound shall be in form O and shall be executed in duplicate each copy being signed by the Collector and the person compounding One copy shall be delivered to the person compounding and the other copy shall remain with the Collector (*G B rule 22*)

2 It is desirable that the principle of composition should be extensively adopted as it is calculated to obviate friction and trouble in assessment (*Government of India 595 February* 1886)

3 A contract of this kind is purely a personal one and ceases with the death or insolvency of the person compounding The sum compounded for is in lieu of the assessment of duties upon the person who enters into the contract and does not relieve from liability to assessment a purchaser or assignee from such contractor (*B P* 35 *13th January* 1865)

Receipts

Receipts and their contents

32 When any money is paid under this Act to the Collector or is recovered thereunder by him, he shall give a receipt for the same, specifying—

(*a*) the date of the payment or recovery of the money,

(*b*) the amount paid or recovered,

(*c*) the person who was liable to the tax, and the source or sources of income in respect of which the tax was payable,

(*d*) the year or part of the year for which the tax was payable,

(*e*) the place or places, district or districts, where the income accrues, and

(*f*) such other particulars, if any, as may be prescribed,

1 Payment of taxes and other demands under the Act will be made at the district or sub divisional treasury as may be most convenient Under section 16 sub section 2 clause (*c*) of the Act the place where and the

person to whom the amount is to be paid must be entered in the notice issued under section 17 To enable the sub divisional treasury officer to fill in the forms of receipt extracts from the parts or sub-parts of the registers of assessees referring to each sub division should be supplied to the sub-divisional officer giving the particulars required The sub divisional officer should send a daily statement showing the particulars of payments to the Income Tax Deputy Collector who will enter the pay ments in his registers after checking them with the district treasury advice list

2 Attention is directed to section 29 of the Act and to rule 21 regard ing the dates of payment of the tax but payments voluntarily tendered may be received at any time

3 The *receipts* shall be in forms S and T Form S is intended for persons and form T for companies public bodies associations or private employers who undertake to collect the tax under rules 10 11 or 12 The receipts will be printed in English with counterfoils and chalans in one combined form and will be bound up in books of 300 forms for use at head quarters and in books of 100 forms for use in sub divisions The forms in each book will bear printed serial numbers A fresh book should not be brought into use until all the forms are exhausted in the book previously in use

4 The receipt to be given to the principal officer of a local authority will be in form U and like forms S and T will be printed in English with its counterfoil and challan. The forms will be bound up in books of 50 forms

5 Payment into the treasury will be made under the ordinary rules for payment prescribed in the Civil Account Code Chapter 1 rule 2 and Chapter 12 rule 6 but the slip which the payer is required under these rules to present to the accountant shall be the chalan attached to the form of receipt The payer will in the first instance go to the Income Tax Office and the Income Tax clerk after filling in the whole of the com bined form will separate the chalan and receipt from the counterfoil and deliver them to the payer who will take them to the accountant The latter will enter the payment in his register giving the chalan and the receipt a number corresponding with the serial number in his register The accountant will sign this chalan and the receipt and pass them on to the treasurer who after giving the chalan a number corresponding with the serial number in his books will receive the money sign both chalan and receipt separate the latter from the former and hand it over to the payer If the amount paid be Rs 500 or upwards the signature of the treasury officers should also be affixed to the receipt.

6 In the case of payments made by the principal officer of a company public body association or by a private employer the Income Tax clerk on receipt of the treasury advice list will enter the payment in Register IIIB filling in the details for each person on whose behalf payment has been made by the principal officer or private employer Similarly in the ca e of payments made by a local authority the Income Tax clerk on receipt of the treasury advice lists will first enter the payment in Register IIIC filling in the details for each person on whose account payment has been made

and afterwards note the number of these entries against heading 8 of the counterfoil

7 At the close of business daily the treasury officer will send an advice list of chalans received at the district and sub divisional treasuries showing both Income Tax Department and treasury numbers to the Income Tax clerk who will use it for checking the entries of payment in the counterfoils and registers

Amendment of Assessment

Amendment of assessment

33 If a company or person assessed under Part II or Part IV ceases to carry on the trade or business in respect whereof the assessment was made or if any such person dies or becomes insolvent before the end of the year for which the assessment was made or if any such company or person is, from any other specific cause deprived of or loses the income on which the assessment was made, then the company or person or its or his representative in interest may apply to the Collector during or within three months after the end of the year, and the Collector on proof to his satisfaction of any such cause as aforesaid shall amend the assessment as the case may require, and refund such sum, if any, as has been overpaid

1 Orders for refund should be issued by the Collector in form EE and the payments should be entered in Register No XI

2 Under the corresponding section of Act XVI of 1870 it was held that no subsequent instalments are liable from the estate of a deceased assessee but his estate is liable for instalments due before his death (*B P* 156 November 1871)

Penalties

Failure to make payments or deliver returns or statements.

34 (1) If a person fails—

(*a*) to deduct and pay any tax as required by section 8 sub section (1), or section 13, sub section (1), or

(*b*) to deliver or cause to be delivered to the Collector in due time the return or statement mentioned in section 10 or section 11 or

(*c*) to produce, or cause to be produced, on or before the date mentioned in a notice under section 12, such accounts as are referred to in the notice

he shall, on conviction before a Magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues

(2) The Commissioner of the Division may remit wholly or in part any fine imposed under this section

When a prosecution has been instituted before a Magistrate under this section the prosecutor is not debarred from withdrawing such prosecution in good and sufficient grounds but no prosecution should be withdrawn except with the sanction of the Collector of the district (*B C O 25th March* 1871)

False statement in declaration

XLV of 1860

35 If a person makes a statement in a declaration mentioned in section 18, sub section (2), which is false, and which he either knows or believes to be false or does not believe to be true, he shall be deemed to have committed the offence described in section 177 of the Indian Penal Code *

Prosecution to be at instance of Collector

36 A person shall not be proceeded against for an offence under section 34 or section 35, except at the instance of the Collector

Sections 193 and 228 of Penal Code to apply to proceedings.

† XLV of 1860

37 Any proceeding under section 12 or chapter IV of this Act shall be deemed to be a "judicial proceeding" within the meaning of sections 193 and 228 of the Indian Penal Code †

Power to make rules.

38 (1) The Governor General in Council may make rules consistent with this Act for ascertaining and determining income liable to assessment, for preventing the disclosure of particulars contained in documents delivered or produced with respect to assessments under Part IV, and, generally, for carrying out the purposes of this Act, and may delegate to a Local Government the power to make such rules so far as regards the territories subject to that Government

‡ XLV of 1860

(2) In making a rule for preventing the disclosure of any particulars referred to in sub section (1), the Governor General in Council may direct that a public servant committing a breach of the rule shall be deemed to have committed an offence under section 166 of the Indian Penal Code ‡

(3) But a person committing any such offence shall not be liable to be prosecuted therefor without the previous sanction of the Local Government

(4) Rules made under this section shall be published in the official Gazette

1 All public servants are forbidden to make public or disclose except for the purpose of the working of Act II of 1886 any information contained in documents delivered or produced with respect to assessments under Part IV of the said Act and any public servant committing a breach of this rule shall be deemed to have committed an offence under section 166 of the Indian Penal Code (*G I Rule* 16)

2 All officers engaged in working the Act shall not merely not disclosed any information contained in documents delivered or produced with respect to assessments under Part IV of the Act but shall be most careful as far as practicable to regulate their proceedings in such manner as to prevent information which should be kept secret becoming known. Information of this nature it should be precautionally noted is to be withheld (by officers enforcing the Act from persons in the employment of assessees *G I* 989 *28th May* 1886)

3 Power to make rules is delegated to the several Local Governments (*G I Rule* 17)

4 The official allowance to which an Agent of a Prince or State in India in alliance with Her Majesty who has been duly accredited to represent the Prince or State for political purposes in any place within the limits of British India from (the Prince or State is exempt (G I N 2929 September 1886)

Miscellaneous

Bar of suits in Civil Court.

39 No suit shall lie in any Civil Court to set aside or modify any assessment made under this Act

Exercise of powers of Collector and Commissioner

40 All or any of the powers and duties conferred and imposed by this Act on a Collector or on a Commissioner of division may be exercised and performed by such other officer or person as the Local Government appoints in this behalf

1 Subject to the restrictions hereafter mentioned the powers and functions conferred and imposed by the Act and these rules shall be *severally exercised by the Board of Revenue the Commissioners of divisions* the Commissioner of Income Tax who will act under the instructions of the Board, the Collectors of districts and Collectors and Deputy Collectors appointed for the purposes of the Act —(G B Rule 1)

2 In the assessment and collection of the tax the Collector of the district will be subject to the control of the Commissioner of the division and the Board of Revenue —(G B Rule 2)

3 The Collector will retain in his own hands the general supervision of the operations under the Act but except in Calcutta the immediate control and direction of the work will be entrusted to a Deputy Collector specially appointed by Government who will be termed the Income Tax

Deputy Collector and will exercise the power of a Collector under the Act —(G B Rule 3)

4 The Board of Revenue will appoint one or more assessors in each district, who except in Calcutta will carry on the general work of assessment under the immediate orders of the Income Tax Deputy Collector — (G B Rule 4)

5 The Commissioner of Income Tax subject to the Board's control will be entrusted with the administrative working of the Act —(G B Rule 5)

6 No assessment amounting to rupees two hundred and fifty or upwards shall be made by the Income Tax Deputy Collector but by the Collector of the district —(G B Rule 6)

7 The power of hearing and passing orders on petitions of objection under section 26 of the Act shall not be exercised by Income Tax Deputy Collectors except in cases where the amount of assessment to which the petition relates is less than rupees two hundred and fifty —(G B Rule 7)

8 The forms to be used under the Act shall be those contained in the schedule annexed to these rules Consistently with these rules the Commissioner of Income Tax may alter these forms or prescribe other forms as may from time to time be required Forms of returns will be supplied by the Collector free of charge to persons requiring them —(G B Rule 8)

Obligation to furnish information respecting lodgers and employés.

41 An officer or person exercising all or any of the powers of a Collector under this Act may, by notice, require any person to furnish a list, in the prescribed form, containing, to the best of his belief,—

(*a*) the name of every inmate or lodger resident in any house used by him as a dwelling house or let by him in lodgings,

(*b*) the name of every other person receiving salary or emoluments amounting to forty one rupees ten annas and eight pies per mensem, or five hundred rupees per annum, or upwards, employed in his service, whether resident in any such house as aforesaid or not, and

(*c*) the place of residence of such of those persons as are not resident in any such house, and of any inmate or lodger in any such house who has a place of residence elsewhere at which he is liable under this Act to be assessed, and who desires to be assessed at that place

Although a private employer is not bound to make a return (IB) of every person in his employ and of the rates of salary which he receives this section provides a means of compelling him to give the names of every person employed in his service whose salary or emoluments amount to forty one rupees ten annas and eight pies per mensem or five hundred rupees per annum or upwards so that whenever a private employer declines to make the return IB or whenever in the case of an employer who has

made the return the Collector may have reason to believe that he has omitted from it the names of employés who are in receipt of salaries within the taxable limit it is open to the Collector to serve a notice on such employer in form P under this section

Trustees and agents to furnish information as to beneficiaries and principals

42 An officer or person exercising all or any of the powers aforesaid may, by notice, require any person whom he has reason to believe to be a trustee, guardian, curator, committee or agent to deliver or cause to be delivered a statement of the names of the persons for or of whom he is trustee, guardian, curator, committee, or agent

Trustees &c to furnish information as to income

43 An officer or person exercising all or any of the said powers may, by notice, require a trustee, guardian, curator, committee or agent, or a receiver or manager appointed by any Court in India, or a Court of Wards, Administrator General or Official Trustee, to furnish such returns of income liable to assessment under Part IV as may be prescribed

Obligation to furnish other information.

44 An officer or person exercising all or any of the said powers may, at the instance of any person respecting whose assessment or the amount thereof any doubt exists, require any person to furnish such information as he deems to be necessary for the purpose of ascertaining facts relevant to the assessment or its amount

Sections 176 and 177 of Penal Code to apply to requisitions for information

45 A person required to furnish any information under section 41, section 42, section 43 or section 44, shall be legally bound to furnish the same in such manner and within such time as may be specified in the requisition for the information

Service of notices

46 (1) A notice under this Act may be served on the person therein named either by a prepaid letter addressed to the person and registered under Part III of the Indian Post Office Act, 1866, or by the delivery or tender to him of a copy of the notice —XIV of 1866

(2) If a notice is served by registered letter, it shall be presumed to have been served at the time when the letter would be delivered in the ordinary course of post, and proof that the letter was properly addressed and put into the post shall be

sufficient to raise the presumption that the notice was duly served at that time

(3) If the notice is to be served otherwise than by registered letter, the service shall, whenever it may be practicable, be on the person named in the notice, or, in the case of a firm, on some member thereof, or, in the case of a Hindu undivided family, on the manager of the joint estate of the family

(4) But when the person, member, or manager cannot be found, the service may be made on any adult male member of his family residing with him, and if no such adult male member can be found, the serving officer shall fix the copy of the notice on the outer door of the house in which the person, firm, or family therein named ordinarily resides or carries on business

To avoid the necessity of employing a large number of peons all notices should as a rule be served by post When notices are served by peon witnesses to the service should be procured and the peon s return of service carefully filed.

Power to declare principal place of business or residence

47 (1) When a company or firm has several places of business in territories subject to different Local Governments, the Governor General in Council may declare which of those places shall, for the purposes of this Act, be deemed to be the principal place of business

(2) When a company or firm has several places of business in the territories subject to a single Local Government, that Government may declare which of them shall, for the purposes of this Act, be deemed to be the principal place of business

(3) When a person has several places of residence in territories subject to different Local Governments, the Governor General in Council may declare which of those places shall, for the purposes of this Act, be deemed to be his residence

(4) When a person has several places of residence in the territories subject to a single Local Government, that Government may declare which of those places shall, for the purposes of this Act, be deemed to be his residence

(5) The powers given by this section may be delegated to, and exercised by, such officers as the Governor General in Council or the Local Government, as the case may be, appoints in this behalf

1 Subject to the following conditions the Lieutenant Governor is pleased to delegate the powers vested in him under section 47 sub section 5 to the Board of Revenue When any company firm, or person has several places of business in more than one district the assessment of such company firm or person need only be made in the district in which the principal place of business is situate When any company firm or person liable to assessment is known to carry on business in any other district the Collector must communicate with the Collector of that other district in order to the formation of an estimate of the annual profits of such company firm or person and the determination of the principal place of business In the event of any dispute arising regarding the district in which the principal place of business is situated the Collectors will if their districts are situated in the same division refer the question for the decision of the Commissioner otherwise they will apply direct to the Board for orders As a general rule the ordinary place of residence of the person assessed and in the case of a company or firm the ordinary place of residence of the head acting manager or partner shall be held to be the principal place of business of such company firm or person Residence in the suburbs or neighbourhood of Calcutta shall when the business is carried on in Calcutta be taken to be residence in Calcutta

2 On the question of the assessment of the minor Rajah of Cooch Behar it was held that he should be assessed in each of the districts in which his property was situated —(B P 294 August 1869)

3 As regards profits of a member of a firm from other sources than the profession or trade followed by the firm not divided distinctly as profits of such firm the assessments should be made on the individual members where they personally reside —(B P 100 December 1869 and 41 May 1870)

Saving in favour of payers of pandhari and capitation taxes.

48 Where a person is in respect of any period liable to the tax under this Act, he shall not in respect of that period be assessed to the pandhari tax levied in the Central Provinces under Act XIV of 1867, or to the capitation tax, or the land rate in lieu thereof, levied in British Burma under the Burma Land and Revenue Act, 1876

Indemnity

49 Every person deducting, retaining or paying any tax in pursuance of this Act or of any arrangement under section 9, sub section (2), in respect of income belonging to another person, is hereby indemnified for the deduction, retention or payment thereof

Powers exercisable from time to time

50 All powers conferred by, or conferrable under, this Act may be exercised from time to time as occasion requires

THE FIRST SCHEDULE

ENACTMENTS REPEALED

(*See Section* 2)

ACTS OF THE GOVERNOR GENERAL IN COUNCIL

Number and year	Short title	Extent of repeal
Act No II of 1878	The Northern India License Act 1878	So much as has not been repealed
Act No. VI of 1880	The Indian License Acts Amendment Act 1880	The whole

ACTS OF THE GOVERNOR OF FORT ST GEORGE IN COUNCIL

Number and year	Short title	Extent of repeal
Act No III of 1878	The Madras License Act 1878	So much as has not been repealed
Act No III of 1880	An Act to amend Madras Act III of 1878 as amended by Act VI of 1880	The whole

ACT OF THE GOVERNOR OF BOMBAY IN COUNCIL

Number and year	Short title	Extent of repeal.
Act No III of 1878	The Bombay License Act 1878	So much as has not been repealed.

ACT OF THE LIEUTENANT GOVERNOR OF BENGAL IN COUNCIL

Number and year	Short title.	Extent of repeal.
Act No II of 1880	The Bengal License Act 1880	The whole

THE SECOND SCHEDULE

Sources of Income and Rates of Tax

(*See Section* 4)

First Column	Second Column
Source of income	Rate of tax

PART I

Salaries and Pensions

1 Any salary, annuity pension or gratuity paid in British India to or on behalf of any person residing in British India or serving on board a ship plying to or from British Indian ports whether on account of himself or another person. 2 Any salary annuity pension or gratuity paid by the Government or by a local authority established in the exercise of the powers of the Governor General in Council in that behalf to or on behalf of a British subject within the dominions of a Prince or State in India in alliance with Her Majesty	(*a*) If the income amounts to *Rs 2 000 per annum or Rs 166 10 8* per mensem or upwards—five pies in the rupee (*b*) If the income is less than Rs 2 000 per annum or Rs 166 10 8 *per mensem —four pies in the rupee*

1 Salaries annuities and pensions paid in April 1886, though on account of March 1886 are liable to the tax —(G I Rule 7)

2 After the close of the year of assessment each Accountant General or other auditing officer shall submit return No I in *the form hereto* appended to such officer as the Local Government may direct —(G I Rule 8)

3 The words ' serving on board a ship plying to or from British Indian ports must be taken to mean serving on board a ship plying between British Indian ports and not touching in the course of a voyage at any foreign port as defined in section 3, clause *e* of Act VIII of 1878—(B P 395 August 1886)

PART II

Profits of Companies

Profits of a company	Five pies in the rupee on the whole of the nett profits made in British India by the company during the year ending on the day on which the company s accounts have been last made up or if the company s accounts have not been made up within the year ending on the thirty first day of March in the *year immediately* preceding that for which the assessment is to be made then on the whole of the nett profits so made during the year ending on the said thirty first day of March

FIRST COLUMN	SECOND COLUMN
Source of income.	Rate of tax

PART III

INTEREST ON SECURITIES

Interest becoming due on or after the first day of April 1886 and payable in British India, on— (a) promissory notes debentures stock or other securities of the Government of India (including securities of the Government of India whereon interest is payable out of British India by draft on any place in British India) or (b) bonds or debentures charged by the Imperial Parliament on the revenues of India or (c) debentures or other securities for money issued by or on behalf of a local authority or company	Five pies in the rupee on such interest unless the owner of the security produces a certificate signed by the Collector that his annual income from all sources is less than Rs 500 in which case no deduction shall be made from the interest or unless he produces a like certificate that his income from all soucres is less than Rs 2 000 in which case the rate shall be four pies in the rupee

1 The certificate shall be in form B or form C —(G I Rule 9)

2 Interest on securities belonging to Service Funds shall not be assessed.—(G I Rule 13)

3 After the close of the year of assessment each Accountant General and Comptroller shall submit Return No II in the form hereto appended to such officer as the Local Government may direct —(G I, Rule 14)

4 *List of debentures issued by Companies in Calcutta*

NAME OF COMPANY	Amount of debenture	Description and rate of interest.	Dates of interest being payable
1	2	3	4
	Rs.		
Asiatic Jute Co Ld.	[illegible] 00 000	8 per cent. of 1882	1st March and 1st September
Bengal Ice Manufacturing Co Ld	3 00 000	7 of 1883	1st January and 1st July
Howrah Cotton Mills Co. Ld.	3 39 00	7 of 1882	3rd October and 3rd April.

NAME OF COMPANY	Amount of debenture	Description and rate of interest.	Dates of interest being payable.
1	2	2	4
	Rs		
Canal Press Co Ld.	1 00 000	8 per cent. of 1882	1st March and 1st September
Darjeeling Himalayan Railway Co Ld. 1st issue	1 00 000	5 of 1881	1st June and 1st December
Darjeeling Himalayan Railway Co Ld. 2nd issue	2 00 000	5 of 1881	15th February and 15th August.
Darjeeling Himalayan Railway Co Ld. 3rd 4th and 5th issues.	7 00 000	5 of 1882	14th January and 14th July
Dunbar Cotton Mills Co Ld	8 00 000	7 of 1883	31st March and 30th September
Eastern Cachar Tea Co Ld	70 000	7 of 1883	1st May and 1st November
Egerton Woollen Mills	2 00 000	7 of 1885	1st January and 1st July
Fort Gloster Jute Manufacturing Co Ld.	2 00 000	8 ,, of 1884	22nd May and 22nd November
Goosery Jute Co Ld	4 00 000	8 of 1881	30th June and 31st December
Hooghly Mills Co Ld	6 00 000	7 of 1882 83	
Howrah Mills Co Ld.	3 00 000	6 of 1881	1st April and 1st October
Ditto	3 0 000	7 of 1883	31st March and 30th September
India General Steam Navigation Co Ld	6 00 000	7 of 1886	1st January and 1st July
Kettela Tea Co Ld.	15 000	8 , of 1882	1st February and 1st August
Kornafuli Association Ld.	1 80 000	8 of 1881	22nd February and 22nd August
Kurseong and Darjeeling Tea Co Ld.	21 [illegible]00	8 of 18[illegible]9	28th February and 31st August
Muir Mills Co Ld	3 [illegible]5 000	7 , of 188[illegible]	30th June and 31st December
Ditto	[illegible]3 500	6 of 188[illegible]	Ditto
Munjha Tea Co Ld.	15 000	8 of 1881	1st March and 1st September
Nasmyth's Patent Press Co Ld.	6[illegible] 000	6 of 188[illegible]	1st February and 1st August.
New Indian Portland Cement Co Ld.	2 19 000	8 of 188[illegible]	30th June and 31st December
Sagmootia Tea Co Ld.	30 000	9 of 1881	
Sapakati Tea Co Ld	15 000	10 , of 1881	1[illegible]th June and 1[illegible]th December
Selim Tea Co Ld.	5 00 000	8 of 1884	1st January and 1st July
Singbulli and Murma Tea Co. Ld	15 000	8 of 1880	[illegible]0th June and 31st December
Titaghur Paper Mills Co ...	1 00 000	7 of 818[illegible]	1st July and 1st January

List of debentures issued by local authorities in Calcutta

AUTHORITY	Amount of debenture.	Description and rate of interest	Dates of interest being payable
1	2	3	4
	Rs		
Calcutta Municipality	6 37 500	6 per cent. of 1865	30th June and 31st December
Ditto	10 00 000	6 „ of 1866	30th June and 31st December
Ditto	5 00 000	6 of 1867	1st March and 1st September
Ditto	4 00 000	6 of 1870	30th June and 31st December
Ditto	3 00 000	6 of 1870	31st May and 30th November
Ditto	1 00 000	6 „ of 1871	30th June and 31st December
Ditto ..	4 00 000	5 of 1878	30th June and 31st December
Ditto	2 50 000	5 „ of 1878	1st February and 1st August.
Ditto	6 00 000	5 „ of 1879	1st May and 1st November
Ditto	2 50 000	5 of 1880	1st April and 1st October
Ditto	15 00 000	5 of 1884 8	1st February and 1st August.
Ditto ..	25 00 000	5 of 1885-86	1st March and 1st September
Ditto	6 60 500	4½ „ of 1882 83	1st January and 1st July
Ditto	3 00 000	4½ of 1882 83	1st April and 1st October
Ditto	97 800	4½ of 1883-84	1st February and 1st August.
Calcutta Port Trust ...	10 00 000	4½ of 1881	
Ditto	20 00 000	4½ of 1883	
Ditto ..	26 45 000	4½ of 1886	

PART IV

OTHER SOURCES OF INCOME

Any source of income not included in Part I Part II or Part III of this schedule	(a) If the annual income is assessed at—

Not less than Rs. 500	but less than Rs 750	the tax shall be Rs. 10
750	1 000	15
„ 1 000	„ 1 250	„ „ „ 20
„ 1 250	1 500	25 25
„ 1 500	1 750	[illegible] 35
1 750	2 000	[illegible] 42

(b) If the annual income is assessed at Rs 2 000 or upwards five pies in the rupee on the income

In calculating the amount of tax payable the amount due on a fraction of a rupee shall be neglected. Thus the tax to be realized on a monthly salary of Rs. 166-10-8 is Rs 4-5 2 only

THE THIRD SCHEDULE

FORM OF PETITION

(*See section* 25)

TO THE COLLECTOR OF

The day *of* 188

The petition of *A B* of

SHEWETH as follows—

1—Under Act No II of 1886 your petitioner has been assessed in the sum of rupees for the year commencing the first day of April 188

2 Your petitioner's income and profits accruing and arising from [*here specify petitioner's trade or other source or sources of income or profits and the place or places at which such income or profits accrues or arise*] for the year ending the day of last were rupees [as will appear from the documents of which a list is presented herewith *]

3—Such income and profits actually accrued and arose during a period of months and days [*here state the exact number of months and days in which the income and profits accrued and arose*]

4—During the said year your petitioner had no other income or profits

Your petitioner therefore prays that he may be assessed accordingly [*or* that he may be declared not to be chargeable under the said Act]

(Signed) *A B*

Form of Verification.

I *A B* the petitioner named in the above petition do declare that what is stated therein is true to the best of my information and belief

(Signed) *A B*

These words are to be inserted if the petitioner relies on documents The list if the petitioner so wishes may be presented in a sealed envelope

APPENDIX No I

SPECIAL RULINGS OF THE COMMISSIONER OF INCOME TAX BENGAL ON REFERENCES FROM VARIOUS DISTRICTS

References	Replies
1 Whether savings bank accounts in the post office may be examined in order to ascertain a person s income	1 From the general tenor and spirit of the Act it is clearly not intended that the enquiries to ascertain a person s income should be of such an inquisitorial nature as to allow the examination of the post office savings bank s deposit accounts of which the postal authorities are forbidden by the savings bank rules to make any disclosure No attempt must therefore be made to examine those accounts (B P 107 March 1886)
2 Whether the Road Cess Committee of the district who are willing to collect tax from their employés may be allowed a remission under rule 13	2 No remission of the tax can be allowed to a Road Cess Committee as it is a local authority mentioned in section 8 of the Act and not a company public body or association mentioned in section 9 (B P 273 April 1886)
3 Are commissions taharies and other allowances to be included in salary and assessed under Part I?	3 Yes salary includes allowances fees commission perquisites or profits received in lieu of or in addition to a fixed salary in respect of an office or employment of profit (B P 125 April 1886)
4 An assessee is the owner and occupier of certain houses or huts in his compound but not hired Are these houses or huts to be assessed on their annual value under section 24 of the Act?	4 The houses are to be assessed on their annual value under section 24 of the Act unless exempted by section 5 (c) of the Act (*ibid*)
5 Whether the annual payment of Rs 3 000 on account of royalty to Government by the Telephone Company entitles them to exemption from liability to the tax	5 The payment on account of royalty does not entitle to exemption from liability to the tax (B P., 224 April 1886)
6 How is the income of a silk filature to be determined when	6 The profits which neither accrue nor are received in India are not

References	Replies
the operations from which the profits accrue are conducted partly in India and partly in Europe?	liable to the tax The managers assistants and native servants are however liable in respect of their salaries and commissions (B P 199 May 1886)
7 Whether in determining a person s income the amount of fees interest, commission &c realised on account of previous years is to be taken into account and whether he should be assessed on the amount due earned or payable to him during the year but not actually realised	7 The mode of assessment is described in section 16 of the Act and the principle of the tax appears to be to assess it on the estimated amount of income likely to accrue in the year under assessment based on the actuals of the previous year *i e* the actual income of the preceding year The fees actually paid last year will be taken into account in determining the income of this year while arrears of previous years collected this year will have to be entered in the next year s return and should not be taken into account in making the assessment of this year (B P 25 May 1886)
8 In case of loans the annual interest of a money lender accruing during a particular year is Rs 80 but the interest he actually receives in that year is Rs 30 only Rs 15 for that particular year and Rs 15 due in some previous year Should he be assessed at the nominal interest due in that year or at the actual income received?	8 Rs 30 the amount actually received last year will be taken into account in forming the estimate of the year s income (B P 25 May 1886)
9 A B and C have jointly a firm which has been assessed C has a municipal premise Is the rent of the municipal premises part of the joint income of the firm or is it C s separate income?	9 If it is the joint income of the firm the rent could be joined to the profits of the firm and if it is separate income of C it must be be treated separately If the income of the firm is below the assessable limit C s share in it may be added to his separate income from the municipal premises (*ibid*)
10 Whether rent derived from mines forests markets or bazars and land let for building purposes or homestead sites is liable to the tax	10 Rent derived from mines forests markets and land let for building purposes not exempted under 5 (1) *c* is liable to the tax (B P 12 May 1886).

References	Replies
11 Whether rents derived from jalkars lands of towns fairs hats and bunders are assessable.	11 Rents derived from jalkars lands of towns fairs hâts and bunders are liable to taxation (B P 219 May 1886)
12 Whether allowances made to near relations out of the income of an estate or zemindary which is exempt from taxation are exempt under section 5 clause 1 (a)	12 The question is in what form do the allowances reach the hand of the recipient The income of the proprietor of the estate may be rent or revenue derived from land used for agricultural purposes and may be exempt in consequence but it loses its distinctive character as soon as it passes from the proprietors into the hands of other persons with whom it becomes income accruing or arising to them or received by them Thus the allowance which the proprietor pays to his near relatives and others comes to the recipents in the shape of an annuity which is liable to taxation under Part I inasmuch as it is not paid in the form of rent or revenue but as maintenance allowance Unless therefore it can be shown that the recipients can claim the allowance as co sharers in the property or income of the proprietor the amount will be liable to taxation as its does not come under the category of income which is exempt If the recipients are entitled to the allowances as co sharers of the estate they will be exempt according as the proprietor is exempt otherwise the allowances are to be treated as annuities chargeable under Part I (B P 216 May 1886)
13 Are incomes derived from fisheries of tanks and jalkars assessable under the Income Tax Act?	13 The owners of jalkars escape paying road cess on the ground that jalkars or rights of fishery are not immovable property and in this view the income derived from a fishery cannot be regarded as income derived from land and even if a julkar could be treated as an interest in land it could not be said that it is used for agricultural purpose The

References	Replies
	income derived from a fishery is therefore liable to taxation (B P 210 May 1886)
14 Are incomes derived from gardens assessable under the Income Tax Act?	14 The income derived from gardens may fall under two heads— (1) The income derived by the owner in shape of rent (2) The income derived by the cultivator from the sale of the produce The income under the two classes above specified is exempt under section 5 1 (*a*) and (*b ii*) But if a third party buys the produce of the garden and sells it he is a trader (though he may be cultivator of other lands) and his income from such trade is liable to the tax (*ibid*)
15 Whether the member of a firm or Hindu undivided family who is on receipt of a separate income individually is liable to be assessed on such income taken in addition to his share of the income of the firm or family when the income of such firm or family is not liable to assessment owing to its being less than Rs 500	15 The share of the joint income may be added to the separate income of an individual member of the family when the joint income is not liable (*ibid*)
16 Whether the salary for March 1886 paid within March is liable to the tax	16 Salary for March paid before 1st of April is not liable to taxation (B P 366 May 1886)
17 Who is to deduct the tax of an officer in the employ of a local authority whose aggregate monthly salary though above Rs 41 10 8 is partly drawn from the funds of the local authority and partly from Government?	17 The full amount of the tax to which the officer is liable should be deducted by the local authority as this will avoid complication in accounts (B P 175 May 1886)
18 Whether the Accountant General or the Collector should deduct the tax of a doctor who gets Rs 25 as pay of his grade and also Rs 20 as a private teacher	18 The best plan would be for the Collector to receive the tax on Rs 45 under section 9 (1) (B P 288 May 1886)
19 Whether the assessors can receive voluntary payments where the assessment remains unaltered from those of the license tax	19 The assessors should not be allowed to receive payments of the tax and penalty Payment must be made at the district or subdivisional treasury (*ibid*)

References	Replies
20 Whether remission under rule 13 of the Government of Bengal's rule is to be granted to the assessees themselves or to the persons who collect the tax from them	20 The remission is granted by the Collector to a private employer or the principal officer of a company public body or association and the disposal of it must be left to such private employer or principal officer the Collector being in no way concerned in the matter (*ibid*)
21 Whether income from bonds given by the cultivators and farmers to cover arrears of rent are taxable	21 Interest is not income derived from land but from money lending It is therefore taxable whether it goes to swell the income of the money lender or the landlord who acts the part of the money lender (B P 404 May 1886)
22 Whether under section 5 (*a*) buildings in municipalities and assessed to local rates under the Municipal Act are exempted from assessment to income tax	22 Such buildings in the municipality are liable to taxation Section 5 (*a*) refers only to land used for agricultural purposes and has nothing to do with buildings within municipalities (*ibid*)
23 Are incomes derived from rent free holdings within the municipality assessable? These are neither used for agricultural purposes nor are they subject to a local rate assessed or collected by officials of Government	23 Income derived from rent free holdings within a municipality or elsewhere not used for agricultural purposes is liable to the tax (Ibid)
24 Are the tolls from private ferries under the management of zemindars taxable?	24 Income derived from tolls of private ferries is liable to the tax (*ibid*)
25 Whether a Hindu undivided family includes a family of Mahomedans who have adopted the Hindu method of living jointly or holding property jointly	25 There appears to be no objection to treat a Mahomedan undivided family in the light of a Hindu undivided family for the purpose of assessment (*ibid*)
26 Are the trust funds of the Sanskrit College and those of Indian Association for the cultivation of science exempt from taxation?	26 Under the orders of the Government of India, No 434 of the 27th April 1886 exempting from liability to the tax the income of the universities or other associations or bodies existing solely for educational purposes the trust funds of the Sanskrit College and those of the Indian Association are therefore exempt but the exemp

References	Replies
	tion does not extend to the salaries of the professors teachers and other persons (B P 253 May and 210 July 1886)
27 Does the word ' person in clause (j) section 5 Act II of 1886 include a company ?	27 Person does not include a ' company as defined in section 3 (2) though it may include a company in the ordinary or less restricted signification (B P 46 June 1886)
28 Is the word income in line 2 of section 15 to be understood inclusive of expenses incurred for the accrual of the income ?	28 As a matter of equity it is clearly reasonable that expenses wholly and exclusively incurred in respect of income assessable under Part IV should be deducted from the gross receipts and a person is to be assessed on his net income The word income therefore in section 15 (1) is to be taken to mean nett profits (B P 46 314 June 199 July 1886)
29 Do the words the officer whose duty it is to make the payment in section 8 clause 1 mean in cases of road fund and municipal fund the Vice Chairman ?	29 Yes if it is the duty of these officers to pay the salaries of the officers of the fund (B P 46 June 1886)
30 Is it right to hold that the word fees in section 3 (4) does not include the doctor s and pleader s fees ?	30 Yes (B P 46 June 1886)
31 Does the monthly or annual retainer of muktears or pleaders paid by their principals fall under the definition of salary as it is generally termed pay or fee as defined in section 3 (4) ?	31 It is not salary or fee but income chargeable under Part IV (B P 46 June 1886)
32 Whether deduction should be allowed to the owner of a building on account of ground rent and municipal taxes paid by him and repairs made to the building	32 The ground rent sums expended for insuring and keeping the house insured and ten per cent on the rack rent on account of repairs may be deducted but no deduction should be allowed on account of municipal or other local cesses paid by the owner of the house (B P 93 June 214 July 1886)
33 Whether rent or revenue derived from land upon which a mango garden grows is assessable	33 Rent or revenue derived from land on which a mango garden grows is not assessable provided the land is either assessed to land revenue or

References	Replies
	subject to a local rate assessed by officials of the Government as such The grower of the mangoes or the person in occupation of the garden is also not liable in respect of the income derived from the sale of the produce unless he keeps a shop or stall for the sale thereof (B P 338 June 1886)
34 Whether rent or revenue derived from land upon which a forest grows is assessable	34 Income derived from forest lands is liable to the tax as they can not be deemed to be lands used for agriculture (*ibid*)
35 In estimating the profits of a trader are deductions to be allowed for conveyance of goods either as cartage or railway freight?	35 Deductions should be allowed for conveyance of goods provided the amount is expended exclusively f[illegible] the trade (B P 319 August 188[illegible])
36 Are priests to be assessed in respect of their incomes from their religious callings ?	36 Priests are liable to th[illegible] tax in respect of their incomes from th[illegible] religious callings (B P 93 J[illegible] 1886)
37 Whether the profits derived from tussur jungles are exempted from assessment	37 The question appears to [illegible] whether rearers of silk worm[illegible] [illegible] feed their worms on jungle pla[illegible] [illegible] liable to taxation in respe[illegible] [illegible] income which they derive [illegible] sale of the cocoons or the [illegible] produced therefrom The answe[illegible] question will be in the a[illegible] inasmuch as the rearers of [illegible] worms do not cultivate t[illegible] [illegible] plants (B P 340 June 18[illegible])
38 Whether any remission under Government rule No 13 which was framed expressly with the object of saving the trouble of dealing with a large number of assessees should be allowed (1) when a private employer who has only one employé for whom he undertakes to pay the tax or (2) when a shareholder of a tea concern who is also the managing proprietor and gets a salary and is the only employé for whom he agrees to pay on behalf of the company	38 The single emp[illegible] [illegible] allowed the remission und[illegible] as it is unnecessary to [illegible] make distinction betwe[illegible] where there is only one emp[illegible] where there are several (1) B P [illegible] July 1886 (2) B P 124 J[illegible] 18[illegible]
39 Whether an indigo planter who gets a fixed salary for the	39 The man[illegible] is liable to the tax for the full a[illegible] of his salary

Ref rences	Replies
management of an indigo concern exclusively of the income derived by him from the indigo cultivation to the extent of his share is liable to the tax for the full amount of his pay	under section 5 (2) and is not entitled to a proportional deduction on account of his share in the concern (B P 57 June 248 July and 213 August 1886)
40 Whether in estimating the amount of profits derived from any trade dealing or industry the expenses incurred in carrying on such trade dealing or industry are to be deducted	40 The deductions from the gross receipts should be allowed an account of the following items — (*a*) Sums expended in the repairs of implements utensils or articles used solely for the purpose of the profession or trade (*b*) Sums expended for insuring or keeping insured the buildings machinery implements and stock used for the purposes of the profession or trade and rent paid for any premises used for such profession or trade provided that if such premises shall not have been exclusively used for such profession or trade A fair proportion only of such rent shall be deducted from the gross receipts (*c*) Ten per cent on the rack rent of such premises on account of repairs if such repairs are at the cost of the company whether it has or has not been actually expended during the year of assessment (*d*) Sums expended in the payment of persons employed solely in such profession or trade (*e*) The amount of any losses of the stock in trade The excess loss sustained in any profession or trade over and above the profits thereof may be set against the excess profits of any other profession or trade exercised by the same person (*f*) The amount of any bad debts for the first time ascertained and written off as such during the year (*g*) Interest paid on money borrowed for the purpose of the trade or profession

References.	Replies
	(*h*) All income exempt under section 5 of the Act (B P 62 June 237B August 1886)
41 Whether the salaries of missionaries and native pastors paid out of funds devoted solely to religious purposes are exempt from taxation	41 The income as it reaches the trustees may be income derived from property solely devoted to religious purposes and as such is exempt but portions of the income which are paid to missionaries and native pastors are received by them as salaries and are therefore taxable (B P 342 June 1886)
42 Whether the letting value of the buildings occupied by the managers or other employés of a silk firm as dwelling houses without payment of rent is to be included in the income of the firm liable to be assessed	42 When an employer gives a free house to a servant it is the same as giving him additional pay but it does not follow as a matter of course that the letting value is liable to taxation It has been held by the Accountant General that house allowance is an allowance granted to meet specific expenditure and is therefore exempt from taxation under section 3 (4) of the Act (B P 82 July 386 August 1886)
43 How can refunds be made in case of over payment of the tax?	43 Refund of the tax should be made in cash from the treasury on an order of payment signed by the Collector (B P 176 July 1886)
44 Whether money order accounts in the post office should be examined in order to ascertain a person s income	44 From the general tenor and spirit of the Act it is clearly not intended that the enquiries to ascertain a person s income should be of such an inquisitorial nature as to allow the examination of money order or other accounts of the post office respecting which the postal authorities are forbidden under orders of the Government of India to supply any information No attempt must therefore be made to examine them (B P 197 July 1886)
45 Whether a pleader of the Judge s court who acted for 19 days as moonsiff is liable to the tax in respect of his 19 days salary when he has been assessed on his income as a pleader	45 The pleader is liable to the tax in respect of his salary for 19 days as it is an income under Part I which is separately assessable (B P [illegible]02 July 1886)

References	Replies
46 Whether private employés who live at a distance from the head quarters can be allowed to pay their tax for the whole year in one or two or three instead of in 12 instalments	46 There is no objection to yearly half yearly or quarterly payments on account of tax being made provided payments are made in advance (B P 358, July 1886)
47 According to the Act persons chargeable under Part IV are to be assessed on the income of the preceding year Can a person who gives up his business in the beginning of the year be assessed on account of the income made in the preceding year and can a person who had no source of income in the preceding year be assessed on his probable income during the year of assessment?	47 The ascertained profits of the year of account preceding the year of assessment should be taken as the *primâ facie* basis of the assessment and if there is good reason to believe that the profits of the current year will differ from the preceding year the assessment should be modified accordingly (B P 358 July 1886)
48 Whether a merchant who suffered a loss over and above his profits in the year preceding the last and made a profit during the past year but in his account debited the loss incurred in the preceding year should be assessed on his last year s income without consideration of the loss sustained by him in the previous year	48 A bad debt can only be taken into account and written off as a loss against the profits of the year in which it was ascertained to be a bad debt (B P 319 August 1886)
49 Whether interest on mortgages and debentures of tea companies is exempt from taxation	49 Interest on mortgages and debentures of tea companies is not exempt from taxation (B P, 121 August 1886)
50 Is any rent or revenue paid by tenure holders to their next superior landlord on account of lands used for purposes other than agricultural, liable to assessment? The case of lands overlying coal or other minerals may be taken as an instance It frequently so happens that both the surface and the under ground rights in such lands are leased out together The surface is used for agricultural purposes and minerals are worked out from underneath If allowance has to be made for agricultural operations on the sur	50 It may in most cases be taken for granted that the use of the surface for agricultural operations is almost nominal as the nature of the operations connected with mining generally preclude the possibility of growing crops on the surface lands It therefore follows that the principal object for which the lease is granted is mining, and it would by no means be unreasonable to assess the whole rent as liable to taxation but in the cases in which the surface is used for agricultural purposes the apportionments of the income might be adjusted with reference to the prevailing rates of

References

face how should the total in come be apportioned with a view to determine the amount of tax payable?

51 Instances have been found in which private employés get com mission in addition to their fixed monthly salary The commission is paid at a fixed percentage after the accounts of the employer are made up which is done either half yearly or annually In many cases the commission is paid after the expiry of the year for which it is due How is the amount of tax to be determined in such cases on the salary plus the commission which under the Act comes within the meaning of the term salary and how is the same to be recovered? In some cases the amount of fixed salary of the employe which is drawn every month is less than Rs 2 000 per annum but when the commission drawn for the year is added *thereto the total either equals or* exceeds that amount At what rate should tax be deducted in such cases?

52 In cases in which private employers fail to submit return of their employés can the asses sors assess the employés if they succeed in finding them out? If so are such assessments to be shown in their monthly progress statement (Form III B) and in

Replies

neighbouring lands used either (1) for agricultural purposes only or (2) for mining purposes only When these cannot be ascertained an arbitrary apportionment may be made of nine tenths on account of mining and one tenth on account of agriculture leaving it to the assessee to object to the assessment Where in addition to the rent there is a royalty charge on mineral products the amount of royalty may be taken as the rent for the under ground operations (B P 323 September 1886)

51 The tax on the commission is payable in the month in which it is paid and the commission should be added to the salary paid in that month and the tax levied accordingly If the commission plus salary amount to Rs 2 000 or upwards per annum the tax will be levied at 5 pies in the rupee if to less at 4 pies in the rupee (B P 3 September 1886)

52 Yes The tax on salaries is payable at the time the salary is paid and the employés may be informed of this at the time their existence is ascer tained if the assessor who discovers them happens to personally meet them otherwise form W may be sent to them or form AA If form

References	Replies
what form should notice for recovery of tax be issued?	AA is not attended to, it should be followed by form X (*ibid*)
53 Are assessors included within the meaning of the term officer or person exercising all or any of the powers of a Collector under this Act as used in sections 41 to 44 both inclusive?	53 The assessor is the instrument by means of which the Collector makes the assessments He has no power of himself but only what he derives from the Collector He can sign demands notices &c for Collector (*ibid*)
54 Should the income derived from a wife s *stridhan* be included with the income of her husband for the purpose of assessment?	54 If the wife enjoys her income separately from the income of her husband or employs it for purpose of trade &c separately it is taxable separately but if she allows it to be counted with her husband s income it is taxable with her husband s income (*ibid*)
55 Similarly should the income of a minor be included with that of his parents for the purpose of assessment?	55 The same rule applies It is a question of fact whether it is treated as a separate income (*ibid*)
56 Are *parbani taharik patta selami* and other perquisites received by the mofussil collecting agency of zemindars liable to assessment?	56 Yes (*ibid*)
57 Is the income of the pastor of a chapel supported by voluntary contributions liable to taxation?	57 The principle of the Income Tax Act is to tax or to declare exempt from taxation income at its source, but even though income should be exempt at its source it is not necessarily exempt through all its devolutions For example the funds of a religious society may be exempt under section 5 (1) (e) but may be diffused in such a manner that portions become taxable In the case in question the income of the committee of management of the chapel derived from property which is intended to be solely employed for religious purposes and as it reaches the hands of the committee is exempt taxation But the income of the pastor is received by him in the shape of salary for service rendered and is intended to be employed for the maintenance of himself and doubtless

References	Replies
	his family which cannot be said to be a religious purpose in the sense intended by the Act (B P 10 July 1886)
58 Is the income from clubs assessable?	58 The income of clubs is ordinarily derived from the subscriptions of the members which are expended for the purposes of the club and not with the object of making a profit it is not therefore liable to the tax but this principle should not apply to proprietary clubs which are usually maintained for the purpose of producing an income to the proprietors (B P 75 July 1886)
59 Whether rents derived from land but collected and appropriated *by a money lender on a mortgage* or otherwise in lieu of interest due to him on account of money advanced to the proprietor is assessable	59 Yes The money lender receives the amount in a two fold capacity In the first place he receives it as rent of the land and secondly he credits it to himself in payment of interest due in respect of a loan In the second capacity the amount is liable to taxation and should be *treated as realised in the shape of* interest and as assessable under Part IV (B P 149 September 1886)
60 Whether rent of land collected and appropriated by a servant in lieu of his pay or allowance is assessable	60 Yes for the reasons given in ruling No 59
61 Whether the income derived from the sale of articles required for the performance of religious ceremonies is assessable	61 Yes

APPENDIX No II

RULINGS AND PRECEDENTS UNDER FORMER INCOME TAX ACTS IN INDIA AND UNDER INCOME TAX ACTS IN ENGLAND

N B —These rulings and precedents are not issued as authorised instructions under the present Act, but are published for the sake of the general principles they contain and on this account are likely to be useful in dealing with references

ALLOWANCE
Income though not certain and dependent upon others should be returned

A pecuniary allowance or donation to which though received at regular intervals the person receiving the same has no claim and upon the receipt of which he cannot depend must nevertheless be returned as part of such person s income If the person making the return should not receive the allowance in any year it will be open to him within or at the end of such year to claim an abatement under section 33 of the Act in respect of the duty with which he may have been charged on account of such allowance or donation —(F D O 1606 14th February 1861)

ALLOWANCE
Consolidated for clerks and other charges, exempted from income tax

2 A consolidated allowance given in the Military Department as a composition for expenses for which the Government must otherwise have paid such as clerks office stationery &c exempted by the Government from the income tax

Liability of clerks paid out of such allowance

The clerks who are paid out of such allowance are liable to income tax on the salaries received by them from the same —(F D O 4160 6th April 1861)

ALLOWANCE
Extra to uncovenanted assistants in Presidency offices, absent on duty when exempt from income tax

3 The extra allowance granted to the uncovenanted assistants in the Presidency offices when absent from the Presidency on duty is exempted from income tax so long as such assistants are subjected to the expense of marching but not after their marching establishments have been discharged and they become stationary at Simla for instance or elsewhere —(F D O 9281 26th July 1861)

ACTING ALLOWANCES
How to be assessed to the income tax.

4 A question having been raised as to the rule to be observed in making assessments to the income tax in the case of acting officers where for instance the pay of the substantive appointment held by the officer was below the limit of taxation but the acting allowance for the period for which such allowance was drawn brought it within

the incidence of the tax or where in consequence of absence the incumbent who was liable to income tax on his salary drew during the time of his absence less than the lowest sum liable to taxation it was observed that the income tax was chargeable upon the yearly income and that the offices of Audit Civil and Military should deal with each month s salary &c by itself and consider at the end of the year any claims to exemption or abatement which might then be preferred —(F D O 10137 12th October 1860)

BAND AND MESS

Subscriptions to band and mess of irregular corps not liable to income tax if deducted as in regular regiments

5 Subscriptions to the band and mess of an irregular corps are exempt from income tax if deducted in the same way in which the subscriptions paid to the band and mess of a regular regiment are deducted

BANK OR TRADE

Carried on at two or more places—return of profits where to be delivered and assessment by whom to be made

6 When the branch of a banking or trading firm carries on an independent business and a balance of profit and loss is struck by such branch irrespectively of the accounts of the head firm the return of the actual profits made by such branch should be delivered to the assessor of the place where the branch is established and that officer should proceed to make his assessment upon such return

If the accounts of the branch of a banking or trading firm are incorporated in the accounts of the head office and are taken into consideration in the general calculation of profit and loss made in that office the returns of the branch should still be delivered to the assessor of the place in which the branch is established although in the proper column no profits may be entered but the remark that a balance of profit and loss had been struck at the head office of the firm mentioning the place where the head office is held In any such case the assessor might accept the fact and refrain from making any assessment or if in accordance with section 47 Act XXXII of 1860 he should declare that the branch delivering such return ought to be assessed and the Collector of the district in which such branch is established should assess the branch in the exercise of the discretionary power vested in him by section 52 of the said Act the head office should have no difficulty in proving that the return made by it included the profits derived from the transactions of such branch and in obtaining relief from the two fold assessment under the rules for affording relief in cases of double assessment —(F D O 97 24th October 1860)

BANKS

Allowed to deduct charges of establishment

7 A question having been raised as to whether a bank in returning its profits could set off the charges of establishment against the same it was held that under rule 9 case I schedule 2 a deduction on account of such charges was allowable from the gross profits of the bank in making its return the salaries of the establishment being left to be assessed by the assessor in the usual manner —(F D O 28 4th January 1861)

8 Interest accruing on money deposited in a bank is not chargeable with income tax by the manager of the bank the party making the deposit should include any interest or profits arising therefrom in his own returns under schedule 2 of the Act (*ibid*)

BANK GOVERNMENT SAVINGS
Interest on deposits in how to be assessed.

9 The interest allowed to the depositors of money in a Government Savings Bank cannot be assessed to the duties under the Income Tax Act in the hands of the bank itself or of any officer of the bank But each individual depositor is liable to be assessed to the duties in respect of such interest upon a return to be made by himself in the ordinary manner —(F D O 1085 30th January 1861)

10 A bonus is part of the year s income and should be taxed —(B P 71 March 1870)

BONUS FUND
Payments to in Artillery Regiment not exempt from income tax

11 The monthly payments made by the officers of the Regiment of Artillery to the Bonus Fund of the Regiment are not exempt from income tax.—(F D O 3190 16th March 1861)

CHILDREN'S EARNINGS

12 The earnings of children residing with parents are not to be added to those of the parent in estimating his liability —(G I S 317)

CHANDERNAGORE RESIDENTS.

13 French subjects residents of Chandernagore drawing interests on securities of the British Government are liable to pay the tax Medical practitioners residing there not carrying on their profession in British India are also liable to pay the tax on income derived from such practice —(B P 57 January 1870)

COST OF LIVING

14 Expense incurred by bankers and traders in providing for the food of their establishment are not to be taken as a set off against profits —(B P 64 9th April 1861)

COMMISSION
Profits from, passed by audit when to be deducted

15 The duty on actual profits from commission passed by audit should be deducted at the time of audit and the Bill for audit should show each officer s share in the sum to be paid —(F D O 2/25 11th March 1861)

COMPANY
Shareholders of residing in England their profits liable to income tax

16 An application having been made on behalf of the Assam Tea Company for exemption from income tax upon such portion of the profits of the company as was paid to the shareholders in England the application was declared to be inadmissible —(F D O 8001 21th June 1861)

COMPOSITION
Under what circumstances admissible after assessment though the prescribed notice was not previously given

17 An application to compound for the income tax for three or more years may be admitted after the person preferring the same has been assessed for the current year although no notice of his desire to compound may have been given by the applicant within the time mentioned in section 67 Act XXXII of 1860 if the assessor is satisfied that the assessment made is a tolerably fair one But in any such case the assessor should not accept the composition proposed if he sees reason to doubt the sufficiency of the assessment —(F D O 3162 20th March 1861)

COMPOSITION
Party making not liable to increased duty on any new source of income

18 A person having compounded for his income tax for a number of years is not liable to any increase of the amount payable by him under such composition during the term thereof in consequence of the acquisition of a new and distinct source of income

Upon the same principle if a person who has compounded for his income tax afterwards disposes of the business in respect to the profits of which the composition was made he cannot during the period of the composition claim a reduction of the amount at which he may have been assessed however much his income may be reduced by the sale of his business

Nor to reduction of assessment by reason of sale of business from which profits were derived

The essence of composition is that both sides take their risk of a change of circumstances in order to avoid an annual assessment—(F D O 3644 30th March 1861)

Essence of

19 Where there was an arrear of income tax charged on lands held by a company which was being wound up under the provisions of the Companies Act 1862 *held* (reversing the decision of *Malins* V C) that the Crown was entitled to payment in full in priority to other creditors

CROWN
Priority company winding up

In re Henley & Co (C A) R C p 209

20 A debt ascertained to be a bad debt in one year can only be taken into account as a loss and set off against the profits of the year in which it is so ascertained to be a bad debt and no portion of such debt *after* it has once been set off against the profits of one year can be set off against or taken in reduction of the profits of the next or of any succeeding year

DEBTS
(Bad)

Thus A B having set off a loss arising from the discovery in 1859 that a debt previously treated as good is a bad debt against the profits of that year which are thereby wholly absorbed and having thus obtained exemption from assessment for one year cannot carry forward the balance of the debt in the next or any subsequent year

The principle of the tax as a tax on income is to assess the duties on the actual profits of each year without reference to the profits made or losses sustained in any other year Thus if a man sustain in 1859 losses which swallow up all his profits for the year he will in making his return for 1860 based upon the profits of 1859 have no profits whatever to return But if in 1860 he makes a clear profit although that profit may not be sufficient to meet the losses of 1859 he will have to return in 1861 the whole net profits of 1860 without making any deduction for the balance of loss remaining over from 1859 A bad debt does not in this respect differ from any other kind of loss The difficulty may be greater in determining when it is to be treated as a loss but when once this has been ascertained it must be determined once for all and no part of it can be taken in diminution of the profits of a year subsequent to that in which it was originally treated as lost

The refusal of a public company to declare a dividend can of itself make no difference whatever in regard to the assessment of the profits of the company Such company is entitled to deduct a bad debt from the profits of the year in which the debt is ascertained to be a bad debt, but it must do so as an individual must once for all and however prudent and reasonable its conduct may be in not declaring a dividend from the profits

of one year until a loss made or ascertained in a previous year (whether in the shape of a bad debt or not) is made good the right of the State to the duties upon the net profits of each succeeding year calculated according to the Act cannot be affected thereby

With respect to the meaning of the term bad debt it is almost impossible to give any definition of it which shall apply to all cases and much must be left to the discretion of the Commissioners in determining what shall be and what shall not be allowed as a bad debt The only general definition that can be safely given of it is that it must be a debt which has been during the period for which the return of profits has been made for the first time ascertained to be irrecoverable and has been *bona fide* and upon reasonable grounds written off to profit and loss or otherwise so dealt with in the creditor s books as to leave any amount that may in any subsequent year be recovered to enter into the profits of such subsequent year Where this has occurred with reference to part of a debt the part so ascertained and so dealt with may be treated as a bad debt while the rest cannot be so treated

A firm which has long had in its books a debt known to be bad but which it has not (in consequence of some rule of the firm or of inadvertence) previously written off to profit and loss cannot by merely writing it off in the year for which the profits are estimated claim an allowance for the debt as a bad debt chargeable against the profits of that year Such a debt will not fulfil the condition of having been *for the first time* ascertained to be a bad debt during the period for which the profits are estimated nor can a firm having ascertained in that period that a debt is absolutely bad irrecoverable to an extent more than sufficient to swallow up the profits of that year satisfy the conditions of the Act by merely writing off to profit and loss in that year so much as will meet their profits carrying on the balance of the debt as an asset in the accounts of the next year and repeat the process the next year by then carrying that balance to profit and loss and setting off such apparent loss against the profits of such next year It is clear that in such a case the firm could (and probably but for the object of avoiding the income tax would) have written off in the first year not merely the part which exactly balanced the profits of that year but the whole or so much as was a certained to be irrecoverable The first writing off to profit and loss of a part only would not be such a *bonâ fide* or reasonable dealing with the debt in the books as would satisfy the conditions above stated

The main principle for the Commissioners to bear in mind in each case will be that the debt must be one by the discovery of the badness of which in whole or in part *the profits of the particular year may reasonably and bonâ fide* be deemed to have been diminished But the mode of applying this principle to each particular case must necessarily be left greatly to the judgment of the Commissioners —(F D O 12079 11th December 1860)

21 Any clergyman or minister of any religious denomination may deduct from his profits fee or emoluments any sum or sums of money paid as expenses incurred by him wholly exclusively and necessarily in the performance of his duty or function as clergyman or minister —(I A C 111)

Deductions. Clergyman.

22 *Debenture Interest* paid by an English Company whose works and property are at Alexandria to debenture holders residing in Egypt not an allowable deduction from the assessment on the Company's profits

DEDUCTION FROM PROFITS

Alexandria Water Company *v* Musgrave (C A.) (R C *p* 521)

23 Company carrying on the business of iron founders not entitled to deduction in respect of amount written off for depreciation of buildings fixed plant and machinery [*vide* 41 and 42 Vict c 15 s 12 as to plant and machinery]

Depreciation of buildings exhaustion of capital

Forder *v* Handyside (E D) (R C p 65)

24 Where the sums allowed for repairs and renewals of plant and machinery are sufficient to meet the loss by wear and tear no further allowance can be granted under section 12 41 Vict c 15

Depreciation of plant and machinery

Caledonian Railway Company *v* Banks (C E S) (R C p 487)

25 A Fire Insurance Company makes up its accounts to 31st December in each year without showing in its books what portion of the premium receipts is applicable to unexpired risks The basis of assessment must be the amount of premiums actually received without deduction in respect of unearned premiums

Fire Insurance Company Unexpired risks.

Imperial Fire Insurance Company *v* Wilson (E D) (R C)

26 The expense incurred by a firm of coal and iron masters in sinking new pits to replace those worked out and in erecting buildings in connection with such pits is chargeable to capital and is not a deduction allowable under the Income Tax Acts

Pit-sinking at mines and Iron works—expenditure of capital

In re Addie and Sons (C E S) (R C p 1)

27 A company of coal and iron masters exhaust annually a certain estimated proportion of their mineral fields and upon this ground claim to deduct from the assessment upon their profits a corresponding portion of the cost of the pits sunk for the purpose of working the minerals

Pit sinking—exhaust of minerals

Held that the deduction is not allowable [*Knowles v McAdam* (E D) —161 overruled]

Coltness Iron Company *v* Black (H of L) (R C p 287)

28 A brewer paying a premium for the lease of a public house for the purpose of letting it to a tenant under covenant to buy beer brewed by him is not entitled to a deduction on account of the gradual exhaustion of the premium

Premiums paid for leases of brewers houses Exhaustion of capital.

Watney & Co *v* Musgrave (F D) (R C p 272)

29 A Harbour Board having removed certain mooring chains that the harbour might be dredged raised money by bonds and put down screw moorings instead of the chains *Held* that the repayments of the moneys secured by bond which had been expended in the renewal of the works were allowable as a deduction

Renewals. Repayments of money borrowed to meet cost of renewal

In re King's Lynn Harbour Mooring Commissioners (C E E) (R C p 23)

30 The income should have been treated as a whole and if applied to public worship should have been exempted entire or if applied to private worship should be assessed entire The income derived from deotur lands which have been recognised by the resumption courts as devoted to religious purposes should be so recognised by the income tax assessors except where the income is shown to be misappropriated The worship performed at the charge of private incomes has not that recognised character that should distinguish public from private worship depending as it does in the will of the zemindar who may regulate the hours and mode of worship and may if he so please close the temple - (B P November 1862)

Deotur lands

31 A question having been raised as to whether deputation allowance drawn by an establishment while on a tour as distinguished from travelling allowance and being in addition thereto could be assessed to the income tax it was pointed out that there was a clear difference between an allowance given specially for *travelling* and an allowance such as deputation allowance given under peculiar circum stances for the purpose of bringing up the salary proper of an officer to an amount equivalent to that at which his salary virtually diminished to him by those peculiar circumstances would otherwise stand and that deputa tion allowance like the salary proper should be taxed —(F D O 10981 3rd November 1860)

DEPUTATION ALLOWANCE

A distinguished from travelling allowance liable to income tax

32 A sum of money paid by Government to a Rajah as dower on his marriage not constituting part of the Rajah's yearly income declared not to be liable to income tax Had the money been intended merely as a payment towards the expenses of the marriage it would have required to be treated as income and would have been liable as such to income tax —(F D O 1479, 18th December 1861)

DOWER

A sum of money paid as such to a Rajah on his marriage declared not liable to income-tax

33 In approving of the exemption from income tax of the funds assigned for charitable purposes the Governor General of India in Council expressed a doubt whether the funds termed educational had been rightly exempted under section 126 Act XXXII of 1860 which merely provides that profits coming to the Government from trust funds shall not be liable to income tax. That section therefore does not apply where the Government derive no bene fit from the profits but is merely the hand to distribute them At the same time it was observed that there were cases which clearly come within a fair construction of the term charitable and that if it was an object of policy to encourage education and especially bequests and donations for educational purposes the term charitable might fairly be extended to everything educational which was not of a purely personal or family nature but of public benefit Under these circumstances although a strict construction of the law would warrant the levy of income tax on

EDUCATION FUNDS

Exemption of principle to be observed.

all educational funds not in the nature of ragged or infant schools obviously for the benefit of the poorer classes the Governor General of India in Council was of opinion that the decision of Government on the point should rest on the broad question of policy as to whether it was desirable to lean to the side of liberality in order to encourage such objects as the Elphinstone Professorship Fund the Rajah of Dhar Prize Fund &c His Excellency in Council considered that the question should be answered in the affirmative and he accordingly approved of the exemption of the educational funds in question and resolved that the same principle should be applied generally —(F D O 3022 18th March 1861)

EDUCATIONAL INSTITUTION

(Private) Government securities the property of similarly held made liable.

34 An application in favour of Government securities standing in the name of a private individual but belonging to an educational institution (a private girls school at Rajcote) was refused —(F D O 5922 18th May 1861)

FATHER.

Voluntary allowance to a son.

35 A gratuitous allowance from father to son is not assessable on the latter and is not to be considered in dealing with his claim to exemption or abatement (G I S 319 B P 15th March 1871)

FOREIGN MERCHANT

Purchasing goods in India through an agent there and selling the goods out of India he being himself non resident not liable to income-tax

36 A question having been raised as to the liability to income tax under Acts XXXII and XXXIX of 1860 of a merchant residing in America who purchased goods at Aden through his agent residing there and sold them in America it was held that in the case put the merchant was not subject to the Indian Income tax Acts

NOTE —It was ruled in England by the Court of Appeal in the case of the Attorney General *versus* Sully 5 Hurlston and Norman 711 that where an American firm had a partner in England who bought goods in England with funds remitted from America and consigned the goods to America for sale the profits of the American partners were not liable to English income-tax (F D O 4 6 18th April 1861)

FUNDS

Civil Service Annuity and other liability of to income tax Assessment how to be made

Bengal Military Orphan Fund Madras Civil Fund Charity Branch

37 A question having been raised as to whether any or all of the funds enumerated in the list given below or the persons drawing annuities or pensions from those funds were liable to income tax and if so how the amount was to be assessed it was held that the managers of all the funds so enumerated as well as of any similar funds except such funds as have been especially exempted* as charitable should be subject to income tax on the available income of the fund from all sources including subscriptions as well as interest the managers deducting the tax so paid *pro rata* from the payments made by them in India and claiming exemption in the case of annuities and pensions paid in England which it was not intended to place upon a different footing from other annuities or pensions paid at home although the strict conditions of the law might possibly make them liable as being in the first instance paid by the fund in India

FUNDS

Liab lity to income tax of p rson receivi g annuities or pensions from

All persons in the receipt of incomes of Rs per year from any of the funds enumerated in the list given below are liable to income tax Persons receiving pensions in India from any of those funds but not having total incomes equal to Rs per year may claim exemption by application to the *ex officio* assessor by whom his or her annuity or pension shall have been paid

List of funds referred to in the foregoing construction

Bengal — Civil Service Annuity Fund
Appropriated Fund of the Medical Retiring Fund
Uncovenanted Service Family Pension Fund
Civil Fund Ordinary
Military Fund
Military Orphan Fund
Civil Fund under rules of 1st January 1850
Lord Clive s Fund.
Poplar Fund.

Madras —Civil Service Annuity Fund
Civil Fund, Charity Branch
Military Fund
Medical Fund
Apothecaries Fund

Bombay —Civil Service Annuity Fund.
Indian Navy Fund.
Medical Fund
Military Fund
Provident Fund
Uncovenanted Service Family Pension Fund —
(F D O 3218 16th March 1861)

FUNDS

Enumerated above donations and subscriptions to whe to be assessed and by whom.

38 Under the above construction which declares that the managers of the funds enumerated in the list appended thereto are subject to incom tax on the available income of the funds from all sources donations as well as subscriptions to any of the said funds should be made from the salaries of the subscribers before those salaries are assessed to the income tax leaving such donations and subscriptions to be assessed subsequently by the Accountant General on the preparation of the accounts of the funds (F D O 5111 29th April 1861)

FIRM

Secret depositors.

39 A firm returned their profits at Rs 16 000 On inspection of their books it was found that their capital was upwards of a lakh and their profits for the past year Rs 50 000 The firm stated that the capital was made up by contributions from secret depositors who received shares of the excess profits not r turned in proportion to their capital and many of whom had withdrawn their capital since the account was closed and gone away Held that the firm was properly assessed on the total profits it being left to them to make the adjustment (B P 1 2 7th May 1861)

40 A Foreign Company seated abroad has submarine cables in connexion with the United Kingdom and receive messages in this country for transmission abroad *Held* that the company exercises a trade within the United Kingdom and is assessable on the net profit derived from the receipts here

FOREIGN COMPANY
Trade exercised within the United Kingdom

Erichsen v Last (Q B D) (R C p 391)
Do do (C A) (R C p 537)

41 Profits derived from horse racing lotteries and games of chance or from other similar gambling or *quasi* gambling pursuits unless when the same are carried on as a regular business and obviously with a view not to amusement only but also to profit are not chargeable with income tax under Act XXXII of 1860—(F D O 4568 19th April 1861) This is not in accord with the rule under the Income Tax Act in England by which money won in stakes is chargeable (G I S 252)

GAMES OF CHANCE
Horse racing &c profits from, not liable to income-tax

GRATUITY
Extra remuneration.

42 Extra remuneration paid to clerks in the post office for working extra hours on the arrival of the overland mails is liable to income tax

The same rule declared applicable every where and in all departments in respect to like allowances (F D O 239 8th January 1861)

GRATUITY
For wounds received in action not liable to income tax

43 A gratuity or compensation granted for wounds received in action is not liable to income tax—(F D O 4045 9th April 1861)

44 Head money for the charge of troops coming out by ship from England is liable to income tax Section 129 Act XXXII of 1860 is not applicable to such allowance—(F D O 3190 16th March 1861)

HEAD MONEY
For charge of troops liable to income-tax

45 Any person occupying a house the property of Government is in respect of the income tax on precisely the same footing as if he occupied a private house Supposing such person to pay rack rent for the house he will be liable to income tax on his salary or the annual profits arising to him from any other source whatever they may amount to but to nothing additional in respect of the house If however he pay no rent for the house or if he pay less than rack rent the amount below rack rent is profits or income assessable over and above the salary or other profits of such person under schedule I section 97 (rules 7 and 8) Act XXXII of 1860 The principle is clear that the rent of a person s private dwelling house is not to be treated as a working expense and deducted from his net income but as part of the necessary expenditure of that income

HOUSE
Property of Government any person occupying when liable to be assessed to the income tax in respect of the rent thereof

The only case for deduction that can arise is when an officer pays rent whether to Government or to some one else for a larger house than he would otherwise occupy because he uses part of the house for a Government office In such a case if the arrangements for the office has been recognized the officer who occupies the house is entitled to a *pro rata*

Deduction
On account of, in which case allowable

deduction for so much of the rent as is fairly due for the office He ca claim a deduction in respect of the entire rent because part of the h is occupied as an office —(F D O 2295 1st March 1861)

46 The above construction does not affect officers who are entitled free house in addition to their salary In cases the rent of the house if a Government b ing comes under the same rule as an allowanc the rent of a house not the property of Go ment which is not liable to be assessed

HOUSE
Belonging to Government occupied by officers entitled to a free house not affected by the above construction.

When an officer who is not entitled to a free house is allowed to occ a Government building without paying ren paying less than rack rent he comes unde provisions of the above construction and the or department in charge of the building sh fix the rent and forward a statement of it to the Civil Pay ma who will deduct the tax from the salary of the officer occupying building plus the rack rent or the difference between the rack rent the rent paid as the case may be —(F D O 9031 19th July 1861

Occupant
If not entitled to a free house liable to be assessed under the same

47 In assessing house property to the income tax no deduction sh be made or allowed on the amount paid for m cipal taxes on such property (F D O 463 January 1861)

HOUSE PROPERTY
No deduction on account of municipal taxes

48 Where the municipal valuation is adopted as the basis of assessm and it is contended that it is higher than the ac yield enquiry should be made whether pa applied for and obtained decrees of valuation on the books of the mu pality (B P 81 May 1870)

HOUSE ASSESSMENT

49 In assessing a house insured against fire to the income tax the paid on account of such insurance may deducted from the rent and the assessment m upon the balance but in such case the full of the house must be returned

HOUSE
Insurance against fire

50 A question having been raised as to whether the house rent dr by an apothecary and other subordinates o European General Hospital was liable to assessed to the income tax it was held that public officers are wholly exempted from tax on any allowance received by them in lie house rent and that any duty levied on this account should be refund (F D O 1671 16th February 1861)

HOUSE RENT
Allowance for to public officers, not liable to income tax

51 Regimental house rent like travelling all ance is exempt from income tax (F D O 12th October 1860)

HOUSE RENT REGIMENTAL,
exempt from income tax

52 A person who being the owner of a furnished house keeps it in charge of a servant for the occasional use himself and his friends must be considered as owner occupying his own house The circumsta of the owner visiting the house only for a days in the year does not render him l

HOUSE
If kept by owner for his own use [illegible] assessed [illegible] rent

occupying owner than if he went frequently the house being kept for his own u e and his intention being to visit it whenever it suits his convenience Under these circumstances the house cannot be considered unoccupied *so as to entitle the owner to remission of assessment*

HOUSE RENT FREE

53 Where a person occupies a house rent free by virtue of his office and is assessed in respect thereof the annual value of such house is to be taken into account in computing his income But where a person is allowed the use of a house rent free during the will and pleasure of the owner the annual value of such house is not to be reckoned in the computation of the income of such temporary occupant and the value of apartments occupied rent free in a house for which the owner or other person is assessed under schedule A is also to be omitted from the computation. (G I S 318)

INDEPENDENT CHIEFS

Provis on to family of on resumption of State liable to income tax

54 *A provision* made on the resumption or annexation of a State on failure of male heirs for the support of the family of the last Chief is liable to income tax the family having no longer an independent political position and having lapsed into the position of private persons (F D O 2109 dated 1st March 1861)

INDIA

Income or profits accru ing out of though to a perso i residing in Ind a not liable to i come tax if not received in India

55 The income or profits which a party residing in India may derive from any property situated or from any trade profession or employment carried on or from any investments made out of India are not liable to income tax if such income or profits are not received in India (F D O 1606 14th February 1861)

INSURANCE

Copies of receipts for pay me t of premi m on, may be accepted on cond ti n stated.

56 In order to obviate the inconvenience which might result under the operation of the rule contained in section 35 Act XXXII of 1860 from persons parting with the original receipts granted by insurance offices for payments of premium duly authenticated copies of such receipts under the signature of public officers or other reliable parties may be accepted, provided that the office of the authenticating officer is specified (F D O 3190 16th March 1861)

LIBRARY

Calcutta Public Library

57 Funds exempted from assessment —(B P 119 November 1869)

LOANS

By Funds not liable e empti n does not extend to re payment

58 Loans granted by any of the funds are not liable but the exemption does not extend to deductions made from salary in re payment —(F D O 3784, 4th April 1861)

LEGACY

59 The signification of the word income as it is used in the Act is restricted to gain proceeding from labour business or property of any kind and that a legacy therefore which must be regarded as capital and does not come within the earnings of a professional or official person or the yield of a man s invested

property must be exempted from the payment of the tax —(B P 69 June 18/0)

MEDICAL PRACTITIONER

May deduct from fees for professional services cost of horses kept wholly and exclusively for professional purposes

60 A medical practitioner in making a return of his profits to the income tax may deduct from the fees received for his professional services the cost of any horses kept by him wholly and exclusively for the purpose of paying professional visits

(Note —It having been suggested in reference to the foregoing construction that the word "exclusively as used in section 98 rule 9 schedule 2 Part VIII Act XXXII of 1860 was redundant it was held that it was not redundant but that it was a test whereby to ascertain whether the word wholly prop rly applied and in illustration it was pointed out that if a medical practitioner kept a pa r of horses which he used by day to visit patients and by night to go to parties he could not claim to deduct their cost though pos ibly but for his profession he would not have kept any horses but that if in good faith he kept an extra pair of horses to visit pat ents, it would not be right not to allow him to deduct their cost because he might once or twice in the course of the year have used them for private purposes when the horses kept for h s private use fell lame) —(F D O 3 95 1st April 1861)

MERCANTILE FIRM

Having commenced busi ne s within the year assess ment when to be made

61 In the case of a mercantile or other firm which has commenced business subsequently to the 31st July 1860 *i e* within the year of assessment the Collector or Commissioners should wait until nearly the close of the year before making the assessment rather than make an assessment without proper data By that time the firm will have a tolerably clear idea as to the probable amount of its profits —(F D O 3904 3rd April 1861)

MERCANTILE FIRM

In India carrying on agency bus ness in co nec tion with and as partners of a firm in Engl nd what to ret rn t i come tax and how to be ass ssed

62 A mercantile firm in India represented that their business was purely an agency connection that they neither bought nor sold on their own account that the greater part of the capital employed was provided by their partners in England and was employed in making advances in England over goods to be consigned to their care for realiza tion that the commissions from which all their profits were derived belonged to both the firm in India and the firm in England they receiving one portion for taking charge of and remitting for the consignments but that the capital belonging to the Home partners must be regarded as employed in England and that the partners in England were entitled to deduct the usual commission chargeable upon consignments sent out to India that in exchange business their constituents derived the entire benefit or other wise as the rates of the day might rule the Home partners and themselves neither deriving any benefit when the rates were in favour of nor caring when the rates were against India that in exchange operations carried on with other countries India formed only one of a circle necessary to carry through any one transaction and that agencies had to be employed wherever the operations extended The firm in India therefore contended that they should be allowed to confine their returns either to the proportion of profits belonging to the Indian partners or to the commission upon proceeds of business less the usual amount allowed to English agents

Upon this representation it was held—

1st—That the whole of the commission realized in the course of the year in India by the Indian partners on account of the firm (less the losses if any sustained by the firm upon the consignments by reason of the insufficiency of the goods to repay the advance or of the insolvency of the person on whose account the goods were shipped) was liable to be assessed with duty under schedule 2 Act XXXII of 1860 but that the profits of the firm accruing from interest upon the sums advanced in England were not so liable though the exemption would not extend to the share of the Indian partners in the last mentioned profits which must be regarded as chargeable under the 1st branch of schedule 2

2ndly—That although Act XXXII of 1860 did not expressly entitle the firm to any deduction in respect to the English portion of the commission which was attributable to the taking charge of and shipping the goods in England the return of the Indian partners of the commission earned by the firm and received by them in India after deducting such proportion of the commission as fairly represented the remuneration to the English firm for the purchase and shipment of the consignments in England might be accepted in other words that the Indian firm might be allowed as proposed by them to confine their returns to the commission on the proceeds of business less the usual amount to the English agents but that any deduction made should be limited to the shares of the English partners the partners resident in India being chargeable with their share of the whole commission realized in India without deducting any portion on account of English charges

3rdly—That although the firm in India might make no profit from their exchange business the whole profit and loss being as stated by them that of their constitutents this would not of itself exempt them from making a r turn or from being charged under sections 78 and 79 as agents or factors having the receipt in India of profits belonging to persons not resident in India and

4thly—That in the exchange operations carried on with oth r countries when India formed only one part of a circle necessary to carry through any one transaction the whole profits were not subject to the income tax merely by reason of India forming one place in that circle and that indeed where the operations commenced in England and were completed by the final remittance to England, no portion of such profits would be liable to Indian income tax

The present case being one of agency only was considered quite distinct from that of a business in which purchases were made in England by the English partner of a firm and sent out for sale to a partner in India on account of the firm itself the chief seat of the firm being in England and all the capital of the firm being there (For the rule to be observed in such cases see construction above)—(F D O 1797 18th April 1861)

MESSES AND BANDS

Regiment l bscriptions t exempt f m i come tax

63 Deductions on account of subscriptions to regimental messes and bands are exempted from the payment of income tax—(F D O 141 20th November 1860)

MARRIED WOMEN'S PROPERTY ACT 188

64 The Married Women's Property Act 1882 in no way affects the provisions of section 45 of the Act 5 and 6 Vict C 35 under which the profits of a married woman living with her husband are deemed the profits of the husband and are chargeable in his name (G I S 256)

Minor's contingent right to interest &c

65 Where interest or dividends are allowed to accumulate during the period of minority in the case of a minor who has merely a contingent interest in the property exemption or abatement is not to be allowed but in such a case the minor on coming into possessi n may claim repayment of the duty extending over the whole period of minority provided he or she were entitled to exemption or abatement for such time — (G I S 322)

MESS HOUSES

Regimental when the property of the Regiment are exempted

66 Regimental Mess Houses when the property of the Regiment are exempted from income tax (F D O 2056 27th February 1861)

MILITARY FUND

S os ription to paid in ad ance exempted fr m income tax in respect to so much as fell d e on and after 1st August 1860

67 An officer on the Madras establishment having paid up at one time in advance before the income tax came into operation his subscription to the Military Fund which is payable by monthly instalments and having in consideration of his so doing been allowed discount at the rate of 10 per cent, was declared entitled to exemption from income tax in respect of so much of the subscription which properly fell due only on and after the 1st August 1860 (F D O 3190 16th March 1861)

MISSIONARIES

68 Messrs A. and B Baptist missionaries objected to pay income tax on the ground that their salaries were paid direct from England and that their incomes did not accrue or arise in this country *Held* that they were assessable in India (B P 167 August 1871)

69 Income derived from missionary labour in British India which is paid by draft direct from the United States is liable —(B P 1221 September 1869)

MOONSHEE ALLOWANCE

Granted to Li utenant in the A my not liable to i c me-t x if of th natur of the like allowance to jun o civ l a s

70 Moonshee allowance granted to a Lieutenant in the Army declared not to be liable to income tax if of the same nature as the Moonshee allowance granted to junior civilians —(F D O 3190 16th March 1861)

MORTGAGE

Mortgagee when chargeabl in re pect of property mortg ged

71 When a mortga_ee is in possession of the property mortgaged to him, either by receiving the rents and profits direct from the occupants or by occupying the property himself he alone is chargeable as the owner of the property under rule 10 section 97 Act XXXII of 1860 In such case the mortgager is not chargeable at all in respect of the mortgaged property

Mortgager when chargeable

When the mortgager retains possession of the mortgaged property there is no provision in Act XXXII of 1860 for treating the mortgagee as the owner of the property or as otherwise chargeable in respect thereto The mortgager alone is chargeable in respect to the property and is liable to be assessed to the full extent of the yearly value without reference to any sums which he may pay by way of interest or otherwise to the mortgagee.

MORTGAGER.

Paying duty under what circumstances entitled to relief Relief how to be obtained.

But if the mortgager pay to the mortgagee out of the rents or profits of the morgaged property any sum by way of interest or part payment on account of the mortgage debt he will be entitled to the relief afforded by rules 28 to 31 section 98 of the Act Under rule 28 the mortgager will in the first instance be charged with the duty upon the whole of the rent or profits out of which such annual sum or interest is payable and the mortgagee will not be liable to be charged in respect of the money so received by him But under rule 29 the mortgager in paying the mortgagee such yearly sum or interest will be entitled to deduct the duty with which he is chargeable upon that amount and under rules 30 and 31 the mortgagee will be bound to allow such deduction and the mortgager will be effectually discharged by the payment of the annual sum or interest less such deduction —(F D O 4046 9th April 1861)

OFFICE

Schedule E Emolument Voluntary gift

72 The minister of a Scotch Parish received annually at Christmas a gift of money raised by voluntary subscription amongst his friends for the most part members of the congregation *Held* that the minister was liable to assessment for the money

In re Strong (C E S) (R C p 207)

PORTUGUESE PRIESTS.

73 The church property of the Portuguese priests at Bhawal in the district of Dacca exempted from assessment, on the understanding that the individuals who are supported by the proceeds are liable on their incomes in excess of Rs 200 per annum —(B P 20 July 1861)

PENSIONS

74 Military pensions although drawn on one certificate are divided by order of Government or by some legal necessity no income tax should be deducted from any portion less than Rs 41 10 8 per mensem But if the subdivision is simply optional and at the wish of a pensioner who is entitled to the entire amount such subdivision cannot be recognised as giving a claim to exemption from income tax —(B C O 6 July 1870)

PENSIONS

And compassionate allowance of widows and orphans of military men, liability of to income-tax

75 The pensions and compassionate allowance of widows and orphans of military men are not exempt from the payment of income tax —(F D O 5875 16th May 1861)

76 Pensions paid out of India through the Embassy in Turkish Arabia or any other Embassy in account with the Government of India, are not subject to the operation of either Act XXXII or Act XXXIX of 1860 —(F D O 3984 20th July 1861)

PENSIONS
Paid out of India at Foreign Embassies not liable to income-tax

77 Where a house of business established before the commencement of the year preceding the year of assessment can satisfy the Collector or Commissioners that during such preceding year its profits were nil the Collector or Commissioners should not assess such house at all upon the profits made by it during the current year or such year of assessment —(F D O 790 22nd January 1861)

PROFITS
Of a house of business when returned nil.

78 The Glasgow Corporation Water Commissioners are empowered to levy rates to be applied (1) in defraying the current expenses of the water supply and in keeping up the undertaking (2) in payment of annuities and of interest on borrowed moneys (3) in providing a sinking fund (4) any surplus is to be carried to the next year s account and applied in the reduction of the domestic water rate *Held* that neither the money appropriated to the sinking fund nor the surplus carried forward for the reduction of next year s rate is assessable profit

PROFITS
Corporation. Surplus water rates Local Act

In re Glasgow Corporation Water works (C E S) (R C p 28)

79 The Glasgow Corporation Gas Commissioners are empowered to supply gas to the city and its suburbs The receipts are to be applied (1) in payment of incidental expenses (2) in payment of expenses of management and maintenance (3) in payment of annuities and interest on borrowed moneys (4), in providing a sinking fund and carrying out extensions (5) any surplus may be carried to the credit of the Corporation for general purposes *Held* that the surplus including the sum set apart for the sinking fund is assessable profit

Corporation gasworks Profits applied under Local Act

(*In re* Glasgow Corporation Water works distinguished)
In re Glasgow Gas Commissioners (C E S) (R C p 1?2)

80 The Mersey Docks and Harbour Board were constituted by Act of Parliament a corporation for the management of the Mersey Dock estate Under the Act the surplus revenue of the Board derived from dock dues &c after payment of interest on moneys borrowed was to be applied towards a sinking fund for the extinguishment of the principal money spent in the construction of the docks and to no other purpose whatsoever *Held* that the surplus moneys which remain after deducting the expenses of earning the same are profits assessable to the income tax

Corporation dock dues levied by Harbour Board and applied under Local Act.

Mersey Docks and Harbour Board *v* Lucas (C A) (R C *p* 385)

Regimental workshops being Government institutions established not for gain or profit to Government but to maintain and promote the health of its soldiers the provisions of the Act do not apply to them.—(G I 1419 17th July 1867)

REGIMENTAL WORKSHOPS

RATIONS TO SOLDIERS
And non commissioned officers Compensation in lieu of liable to income tax
Financial Department No 1 ? dated 10th November 1860

81 Compensation allowed in lieu of rations to soldiers and non commissioned officers in the Department of Public Works is subject to income tax* (The same ruling declared applicable in the case of a serjeant attached to a European General Hospital who received ration money in lieu of rations — (F D O 1674 15th February 1861)

REMITTANCES
By officers to England for their families liable to income tax

82 Remittances made by officers for their families in England are not exempt from income tax — (F D O 89 12th October 1860)

REWARDS.
Pecuniary to officers in Custom Department under what rule to be assessed

83 Officers in the Customs Department should be assessed in respect of pecuniary rewards received by them for the seizure of contraband or smuggled goods under rule 13 section C Act XXXII of 1860 — (F D O 2725 14th March 1861)

REWARD
Amount of for passing in an Oriental language liable to income tax

84 A reward of Rs 500 granted to an officer of the Survey Department for passing in an Oriental language declared liable to income tax

RESIDENCE
Master Mariner

85 The master of a British vessel trading to and from a port in the United Kingdom and being tenant of a house there in which his wife and family live and in which he himself lives when in this country is chargeable as a person residing in the United Kingdom notwithstanding that he may be absent during the greater part of the year

In re Young (C E S) (R C p 57)

And where a mariner was absent the whole year his wife and family living in the United Kingdom he was held to be liable as a resident *Per* the Lord President he is not a bit the less a resident in Great Britain because the exigencies of his business have happened to carry him away for a somewhat longer time than usual during this particular voyage Rogers *v* Inland Revenue (C E S) (R C p 225)

ROMAN CATHOLIC BISHOP
Government allowance to liable to income-tax.

86 An allowance granted by Government to a Bishop of the Roman Catholic Church being in the nature of salary is liable to income tax —(F D O No 1675 13th February 1861.)

SALARIES OR PENSIONS

87 It should be ascertained whether any salaries or pensions are paid out of the funds belonging to the charity and if so whether the recipients have been duly assessed —(G I S 336)

SALARY
When drawn at one time for several months assessment how to be made

88 In cases in which the accumulated salaries of several months are drawn together by the officers entitled to the same the assessment of income-tax should be made on the total of the amount drawn and not separately on the sums due for each month.

Sapper Allowance
In Madras not liable to income tax if intended to meet disbursements in the public service

89 A question having been raised as to whether the 'Sapper allowance in the Madras Presidency which though granted under that designation included only palanquin allowance and allowance for books and instruments was liable to income tax it has been held that if the allowance was intended to meet disbursements in the public service for instance if the sapper was obliged by reason of his employment to keep or hire a palanquin which he would not otherwise do the allowance was not liable —(F D O 3190 16th March 1861)

Set off
In respect of lands held or used for the purpose of manufacturing or selling

90 When land is held principally for manufacturing and selling the produce or for trade or when the holding of any portion of the land upon which rent is paid by tenants to whom it is sub let is merely subsidiary to the trade or manufacture any losses sustained by the person carrying on such trade or manufacture may, subject to the provisions contained in rule 24 section 58 Act XXXII of 1860 be set—off against the income or profits arising from the trade or manufacture established on the land including the rents incidental thereto

When the produce is regularly sold under an arrangement to that effect to the landlord and is used by him for the purpose of manufacture or trade he is to be considered as holding the land for such purpose and a set-off as above may be allowed When the tenants have nothing to do with the produce required for the manufacture or trade the question in each case will be one of degree If the rents compared with the operations of the manufacture or trade are large a set off should not be allowed as in such case the land cannot be considered as solely incidental to the manufacture or trade On the other hand if the rents are small as compared with the operations of the manufacture or trade or if there is fair reason to suppose that the manufacturer took the whole land for the sake of the manufacture or trade and not to make a distinct profit from the rents the set off should be allowed —(F D O 1759 15th March 1862)

Set-off
Corporation Losses in utilising sewage &c

91 A corporation claimed to set off against its profits from markets losses which it sustained in the utilisation of sewage in industrial schools and in baths and parks Set-off not allowed —*In re* Corporation of Birmingham (C E E) (R C p 26)

Shipowners
their own insurers

92 Shipowners are not entitled to a deduction in respect of money set aside to form an insurance fund to meet losses by shipwreck or other casualties In such cases only the losses proved to have been actually sustained can be admitted —(G I S 247)

Society
Agricultural and Horticultural donations and subscriptions to not liable to income-tax

93 Donations and subscriptions to the Agricultural and Horticultural Society of India declared not to be liable to income tax —(F D O 2629 13th March 1861)

Securities

C ernment sec rities belong g to Rel gi us and Charit l l Societ es tho igh h l l in th name of a pri te i di idual xempted from incom tax

94 Under section 133 Act XXXII of 1860 certain Government securities though standing in the name of a private individual were exempted by the Governor General of India in Council on the recommendation of the Political Agent at Kattywar from the payment of income tax on proof that they belonged to a religious institution and were assigned for charitable purposes

Staff

P rsonal offi on not liabl to be essed n free bo rd nd l dgi g enjoy d by them

95 The free board and lodging enjoyed by an Aide de camp or other officer on a personal staff are not liable to be assessed with duty under Act XXXII of 1860—(F D O 2881 15th March 1861)

Societies

Rel g ous nd Ch rit bl all pr perty bel n in to d voted t rel g ou or charitable purpo s should be ex mpted from income tax

96 All property clearly proved to be exclusively devoted to religious and charitable public purposes should be exempted from income tax The exemption does not extend to the income of individuals derived from such property who cannot claim exemption under section 116 Act XXXII of 1860

Trade

C rr ed on with bo rowed c pit l, the intere t paid tl reo c nnot be dedu ted from pr fits

97 A tradesman carrying on business with borrowed capital is not at liberty to deduct the interest which he pays on the capital so borrowed from the profits of his trade in making the return upon which he is to be assessed to the income tax—(F D O 1571 13th February 1861)

Trade

Deductions.

98 The rule in England regarding deductions from profits of trade is as follow —

IN ESTIMATING SUCH PROFITS AND GAINS DEDUCTIONS ARE ALLOWED—

For Repairs of Premises occupied for the purposes of the Trade or Manufacture and for Supply or Repairs of Implements Utensils or Articles employed not exceeding the sum usually expended for such purposes according to the Average of three years

For Bad Debts or such part thereof as shall be proved to the satisfaction of the Commissioners to be such and Doubtful Debts may be charged according to their Estimated value

For any average loss not exceeding the actual amount of loss after adjustment

For the rent or value of any Dwelling house or Domestic offices used for the purposes of any trade or profession such sum not exceeding two third parts of such rent or value as the Commissioners shall on due consideration allow

For the sum representing diminished value by reason of wear and tear of machinery or plant

No Deductions are allowed—

On account of Loss not connected with or arising out of, Trade &c

Nor on account of Capital withdrawn therefrom

Nor for any sums employed or intended to be employed as Capital therein

Nor for any Capital employed in Improvement of Premises occupied for the purposes of Trade

Nor on account or under pretence of any Interest which might have been made on Capital if laid out at Interest

Nor on account of any Annual Interest or any Annuity or other Annual Payment payable out of such Profit or Gains

Nor for any Sum recoverable under an Insurance or Contract of Indemnity

Nor for any Disbursements or Expenses which shall not be Money wholly and exclusively laid out for Trade &c

Nor for any Disbursements or Expenses of Maintenance of the Parties their Families or Establishments

Nor for any Sum expended in any other Domestic or Private Purposes distinct from the Purposes of Trade &c

Nor for any Sum paid as Income Tax on the profits or Gains of any Concern —(I A C 83—98)

Troop Command Allowance
Liable to income tax

99 Troop command allowance of 30 rupees included in the monthly allowance of 75 rupees received by officers commanding Troops of European cavalry is liable to income tax —(F D O 335 23rd May 1861)

Trust
Property held in trust for minor

100 Where property is held in trust for the maintenance and education of a minor who has a vested and not a contingent interest in the property exemption or abatement may be allowed on proof being given by the trustees that that the total income of the minor is under 150£ or 400£ respectively The declaration of the trustees that a minor has a *vested* interest in the property may be admitted as evidence of the fact without requiring the production of a copy of the will or deed —(G I S 321)

Wife
remittances from husband abroad

101 A wife receiving an allowance or remittances from her husband abroad is to be charged for the same as his agent under the second proviso to section 45 of the Act 5 and 6 Vict c 35 when the remittances are derived from any kind of property out of the United Kingdom whether real or personal moveable or immoveable But remittances derived from trade profits salary &c are not chargeable (G I S 257)

APPENDIX No III

Rules under Act II of 1886 an Act for imposing a tax on income derived from sources other than agriculture

In exercise of the powers conferred upon him by clause 17 of the rules prescribed by the Governor General in Council under Act II of 1886 the Lieutenant Governor is pleased to make the following rules to have effect in the territories administered by him in addition to the rules contained in annexure Z which have been promulgated by the Governor General in Council —

1 Subject to the restrictions hereafter mentioned the powers and functions conferred and imposed by the Act and these rules shall be severally exercised by the Board of Revenue the Commissioners of Divisions the Commissioner of Income tax who will act under the instructions of the Board the Collectors of districts and Collectors and Deputy Collectors appointed for the purposes of the Act

2 In the assessment and collection of the tax the Collector of the district will be subject to the control of the Commissioner of the Division and the Board of Revenue

3 The Collector will retain in his own hands the general supervision of the operations under the Act but except in Calcutta the immediate control and direction of the work will be entrusted to a Deputy Collector specially appointed by Government who will be termed the Income tax Deputy Collector and will exercise the powers of a Collector under the Act

4 The Board of Revenue will appoint one or more assessors in each district who except in Calcutta will carry on the general work of assessment under the immediate orders of the Income tax Deputy Collector

5 The Commissioner of Income tax subject to the Board s control will be entrusted with the administrative working of the Act

6 No assessment amounting to rupees two hundred and fifty or upwards shall be made by the Income tax Deputy Collector but by the Collector of the district

7 The power of hearing and passing orders on petitions of objection under section 26 of the Act shall not be exercised by Income-tax Deputy Collectors except in cases where the amount of assessment to which the petition relates is less than rupees two hundred and fifty

8 The forms to be used under the Act shall be those contained in the schedule annexed to these rules Consistently with these rules the Commissioner of Income tax may alter these forms or prescribe other forms as may from time to time be required. Forms of returns will be supplied by the Collector free of charge to persons requiring them

9 Every return made under the Act by a local authority company public body or association or private employer shall be subscribed by the person making it with a declaration that it is correctly prepared in accordance with the provisions of the Act

10 In the case of a company public body or association mentioned in sections 9 and 10 of the Act the Collector may cause a general notice in form E to be published inviting the principal officer of such company public body or association when submitting the return of salaries annuities pensions and gratuities which he is required by section 10 to furnish to the Collector on or before the fifteenth day of April each year to state whether he is willing to collect the tax due from the persons included in the return and to forward the amount to the Collector on condition of being allowed a remission of a portion of the amount payable on the terms specified in rule 13 below The person making the return may subscribe on the return his assent to this arrangement The return will be in form IB

11 After the receipt by him of the return mentioned in section 10 the Collector may issue a special notice in form F to the person making the return inviting him to state whether he is willing to collect the tax due from the persons included in the return and to forward the amount to the Collector on condition of his being allowed a remission of a portion of the amount payable on the terms specified in rule 13 below The person making the return may subscribe on the retun his assent to this arrangement The return will be in form IB

12 The Collector may further cause a general notice in form G to be published inviting every private employer to deliver or cause to be delivered to the Collector within a time to be specified a return in form IB of the salaries pensions annuities and gratuities payable or paid to persons in his employ or pay and to state when submitting the return whether he is willing to collect the tax due from the persons included in the return and to forward the amount to the Collector on condition of his being allowed a remission of a portion of the amount payable on the terms specified in rule 13 below The person making the return may subscribe on the return his assent to this arrangement.

13 In the cases in which the agreement referred to in the three last preceding rules is entered into between him and the person making the return the Collector is hereby empowered to grant a remission of 5 per cent if the yearly amount of tax payable by the person included in the return is paid in a lump sum on or before the 15th July or a remission of 3 per cent. if the amount is paid in four equal instalments on or before the 15th of May August November and February respectively or a remission of one per cent if the amount is paid in monthly instalments on or before the 7th of each month Whenever this agreement is entered into the Collector shall grant an authority in form H to the person making the return to collect the tax payable by the persons included in the return

14 In the event of any alteration in the course of the year either in the number of persons employed or in the rate of salary pension or annuity mentioned in a return the person making the return or his successor in office shall if required send notice of such alteration to the Collector but such requisition shall not be made in the case of a private employer

15 The list mentioned in section 16 sub section 3 shall be filed in the office of the Collector of the district and in Calcutta in the office of the Collector 4 Bankshall Street The list may be filed in parts as each part is prepared but there should be a separate notification in form K for each part and each part should be signed by the Collector and bear the date specified in the notification which relates to it The list to be filed shall be prepared in English and the Register of assessees in such form as may be prescribed by the Board of Revenue shall be deemed to be the list if the Collector thinks fit to adopt it as such instead of filing a separate list

16 Each part shall be closed on the date specified on the notification which relates to it and no fresh names shall be added to the part after that date

17 The list to be published and the notification prefixed thereto shall be in the language of the district to which they refer but the Collector if he thinks fit may also publish them in English

18 The publication of the list, or part or parts thereof and of the notification mentioned in section 16 sub section (5), shall be made in villages by affixing them at the nearest post office or in some conspicuous part of the village and in towns either by affixing them at the municipal office or by means of a notice in a local newspaper informing the public that the list is open for inspection at the office of the Collector whichever mode of publication the Collector may think fit to adopt The publication in Calcutta its suburbs and Howrah shall be made by means of a notice to be affixed at the police stations informing the public that the list is open for inspection at the office of the Collector and by a similar notice in the *Calcutta* and *Exchange Gazettes*

19 In exercise of the powers conferred upon him by section 18 of Act II of 1886 the Lieutenant Governor is pleased—

(a) to give a general authority to Collectors to include in a list under section 16 any person who is liable to be served with a notice under section 17 instead of or in addition to serving him with such a notice and to serve a notice under section 17 in form L on any person liable to be included in a list under section 16 instead of or in addition to including him in such a list in cases in which they may consider it advisable to do so

(b) to give a general authority to Collectors to publish in any manner which may be most suitable a general notice in form M and

(c) to authorise the Collector in Calcutta to cause a special notice in form N to be served on any person chargeable under Part IV of the second schedule of the Act inviting him to deliver or cause to be delivered to the Collector or at the Collector s office within a time to be specified in the notice which shall not be less than seven days a return in form IIB of his yearly income A form of the return will accompany the notice

20 During the first year of the operation of the Act—

(a) A person who has been assessed under Part I of the second schedule of the Act shall not be again assessed in respect of his income chargeable under Part IV where the amount of such income is less than Rs 500 per annum

(b) A person whose income under Parts I and IV is less than five hundred rupees per annum respectively shall not be liable under Part IV by reason of his aggregate income under these two parts being in excess of five hundred rupees per annum

21 The tax chargeable under Part IV may be paid in two equal instalments where the amount is rupees fifty or upwards and the instalments shall be payable on the sixteenth day from the date specified in the notification under section 16 or in the notice under section 17 of the Act as the case may be and on the 1st of October respectivly Where no instalments are allowed the tax shall be payable on the first of these dates

22 An application to compound the tax should be made before the 1st July in each year and may be admitted on the average income of not less than three years as the Collector may direct The term of the composition shall not exceed three years The agreement to compound shall be in form O and shall be executed in duplicate each copy being signed by the Collector and the person compounding One copy shall be delivered to the person compounding and the other copy shall remain with the Collector

23 Subject to the following conditions the Lieutenant Governor is pleased to delegate the powers vested in him under section 47 sub section 5 to the Board of Revenue When any company firm or person has several places of business in more than one district the assessment of such company firm or person need only be made in the district in which the principal place of business is situate When any company firm or person liable to assessment is known to carry on business in any other district the Collector must communicate with the Collector of that other district in order to the formation of an estimate of the annual profits of such company firm or person and the determination of the principal place of business In the event of any dispute arising regarding the district in which the principal place of business is situated the Collectors will if their districts are situated in the same division refer the question for the decision of the Commissioner otherwise they will apply direct to the Board for orders As a general rule the ordinary place of residence of the person assessed and in the case of a company or firm the ordinary place of residence of the head acting manager or partner shall be held to be the principal place of business of such company firm or person Residence in the suburbs or neighbourhood of Calcutta shall when the business is carried on in Calcutta be taken to be residence in Calcutta

R H WILSON
Offg Secy to the Govt of Bengal

SCHEDULE OF FORMS

(RULE 8)

Form	Reference	DESCRIPTION
A	Rule 2 of rules prescribed by Government of India in Notification No 593 dated 5th February 1886	Return made by the principal officer of every local authority company public body or association under section 10 of the Act
B	Rule 9 ditto	Certificates referred to in the second column of Part III of Schedule II of the Act
C	9 ditto	
D	10 ditto	Certificates in support of a claim under section 5 sub section (1) clause (e) of the Act

The above forms are prescribed by the Government of India and the following by the Government of Bengal

Form	Reference	Description
E	Rule 10	General notice to the principal officer of a company public body or association mentioned in sections 9 and 10 of the Act
F	11	Special notice to ditto ditto ditto
G	12	General notice to a private employer mentioned in section 9 of the Act
H	13	Authority to a company public body or association or private employer mentioned in sections 9 and 10 of the Act to collect the tax from the persons included in return IB
J	Section 12 of the Act	Notice to the principal officer of a company to produce accounts
K	Rule 15	General notification under section 16 of the Act
L	19	Special notice under section 17 of the Act
M	19	General notice under section 18 sub section (1) clause (b) of the Act
N	19	Special notice under section 18 sub section 1 clause (c) of the Act
O	22	Agreement of composition under section 31 of the Act
P	Section 41 of the Act	Special notice to furnish information respecting lodgers and employés
Q	Section 42	Special notice to trustees agents &c
R	43	Ditto ditto

Returns

Form	Reference	Description
IB	Rules 10 11 and 12	Return made by a company public body or association or private employer mentioned in sections 9 and 10 of the Act
IIB	Rule 19	Return under section 18 sub-section (1) clauses (b) and (c) of the Act of income accruing and arising in British India

ANNEXURE Z

Assessed Taxes

No 593

The 5th February 1886

In exercise of the powers conferred upon him by Act II of 1886 and of all other power enabling him in this behalf the Honourable the President in Council is pleased to make the following rules under the said Act —

1 The time within which amounts deducted from salary annuity pension or gratuity paid by a local authority under section 8 sub section (1) of the Act must to be paid to the credit of the Government of India is fixed at one week from the date of payment of the salary pension annuity, or gratuity The payment to the credit of the Government shall be made by remitting the amount to the Collector with a statement giving the following particulars for each person from whom the tax has been realised —

(1) Name
(2) Period for which the salary has been paid
(3) Amount of salary paid
(4) Amount of tax

2 The return required by section 10 of the Act shall be in Form A hereto appended

3 Any sums such as payments to regimental mess or band funds or the like compulsorily stopped from salary by the orders or with the approval of Government shall be deducted from the salary previous to assessment

A portion of salary withheld in persuance of an order of a Court is not a sum compulsorily stopped from salary within the meaning of this rule

4 A deduction made from the amount of salary pension or annuity liable to assessment on account of a payment made to a life insurance company must be supported by the receipt of the insurance company for the payment and a copy thereof When the deduction is claimed by a servant of the Government or of a local authority the officer paying the salary pension or annuity will compare the original receipt with the copy return the original and attach the copy to the salary pension or annuity bill if the payee is a Government servant and to the statement forwarded with the amount of the tax realised under Rule 1 if the payee is a servant of a local authority

Where the Collector is satisfied that the original receipt of the insurance company cannot be produced without an amount of delay expense or inconvenience which under the circumstances of the case would be unreasonable he may accept such other proof of payment of the premium as he may deem sufficient

5 The amounts exempted from assessment by section 5 sub section (1) clause (g) of the Act and by rule 4 above shall not be deducted from income for the purpose of determining whether the income is liable to the tax or of determining the rate at which the tax shall be levied

6 The amount to be assessed under section 24 sub section (1) of the Act on account of a building occupied by the owner thereof shall not in any case exceed 10 per cent. of the aggregate income of the owner derived from all sources It will not however be understood from this that a maximum of 10 per cent of the aggregate income of the owner is to be considered equivalent to the letting value of his house The letting value will in all cases be ascertained on the best data available in view of the circumstances of the locality in which the house is situated

7 Salaries annuities and pensions paid in April 1886 though on account of March 1886 are liable to the tax

8 After the close of the year of assessment each Accountant General or other auditing officer shall submit Return No I in the form hereto appended to such officer as the Local Government may direct

9 The certificates referred to in the second column of Part III of Schedule II of the Act shall be in Form B or in Form C hereto appended

10 Any claim under section 5 sub section (1) clause (e) of the Act to exemption from the levy of the tax on the interest of securities employed solely for religious or public charitable purposes within the meaning of that clause must be supported by a certificate from the Collector which shall be in Form D hereto appended

11 In the case of securities the interest on which is payable by the Government of India the amount deducted on account of the tax under section 13 sub section (1) of the Act shall be paid to the credit of the Government on the same day as the payment of the interest is made

12 In the case of securities the interest on which is not payable by the Government of India the amount so deducted shall be paid to the credit of the Government within one week from the date on which interest is paid The person deducting the amount should pay it to the credit of the Government by remitting the amount to the Collector with a statement showing the following particulars —

(1) Name of owner
(2) Description of security
(3) Number of
(4) Date of
(5) Amount of
(6) Period for which interest is drawn
(7) Amount of interest
(8) Amount of tax

13 Interest on securities belonging to Service Funds shall not be assessed

14 After the close of the year of assessment each Accountant General and Comptroller shall submit Return No II in the form hereto appended to such officer as the Local Government may direct

15 In calculating the amount of tax payable the amount due on a fraction of a rupee shall be neglected Thus the tax to be realised on a monthly salary of Rs 166 10-8 is Rs 4 5 2 only

16 All public servants are forbidden to make public or disclose except for the purpose of the working of Act II of 1886 any information

contained in documents delivered or produced with respect to assessments under Part IV of the said Act and any public servant committing a breach of this rule shall be deemed to have committed an offence under section 166 of the Indian Penal Code

17 Power to make further rules is hereby delegated to the several Local Governments

18 Each Local Government will prescribe form of registers to be maintained by Collectors and others for the purpose of showing the demand and collections of the tax the various classes of incomes assessed and the working of the several provisions of the Act

19 After the close of the year of assessment each Local Government will submit to the Government of India in the Financial Department a report on the working of the Act

20 The following returns in the forms hereto appended will be submitted with that report —

Return I } As received from the Accountant General or
II } Comptroller or other auditing officer
III
IV
V
and VI

APPENDIX No IV

No 595

From—The Secretary to the Government of India Department of Finance and Commerce

To—All Local Governments and Administrations

I am directed to forward copies of the rules made by the Honourable the President in Council under Act II of 1886 and to communicate the following remarks and instructions

2 The President in Council desires to impress upon the Government of ______ / you his great anxiety that special care should be devoted to the assessment and working of the Act especially during the first year of its operation He attaches the greatest importance to the necessity of exercising caution and moderation in the introduction of the measure The Government of ______ is / You are authorised to entertain such establishments as may be required to ensure that the assessments shall be carefully and equitably made Money spent in this way will the President in Council feels assured give a full return by preventing inequitable assessments and discontent and by securing the smooth working of the Act

3 The temporary employment in the working of the Act of persons who do not hold permanent appointments under Government should be forbidden and all officers appointed for this purpose should be chosen from the permanent staff A sufficient and trustworthy staff is specially requisite in the Presidency towns where so large a portion of the total tax will be assessed and His Excellency in Council trusts that especial care will be exercised in the selection of the officers charged with the supervision of the work in these towns It may also be expedient to place an officer of experience on special duty in the province under the charge of the Government of ______ / your charge to supervise the work during the whole or a portion of the coming year and the President in Council authorises the Government of ______ / you to take this step at once should it be deemed desirable to do so

4 The President in Council desires that in making the new assessments the results of the assessments made under the License Acts should be utilised to the utmost possible extent and that they should be accepted as far as possible Persons inadvertently omitted under the License Tax will however be brought on to the list of assessees

5 In framing rules under the Act the Government of India has intentionally avoided dealing with details as it is believed that Local Governments are in a better position to frame rules which will suit the varying circumstances of different localities and as it is undesirable to attempt to lay down general rules on minor matters applicable to all India until at least one year s experience of the working of the Act has been obtained

6 Power has been delegated to Local Governments to make additional rules and in this connection I am to call the special attention of the Government / your special of attention ——— to the provisions of section 18 of the Act which entrust to Local Governments a wide discretion in the making of rules regarding notices either requiring assessees to pay the tax to which they are liable or calling on persons liable to pay the tax to furnish information regarding their incomes By means of these provisions it is hoped that the working of the tax may be the better adapted to the circumstances of different parts of the country Each Local Government must of course consider the special requirements of the territories under its control and frame such rules as may be suitable to meet those requirements but the President in Council with a view to the eventual removal of any unnecessary differences in the procedure in different provinces desires that the Government of / you ——— should forward to all other Local Governments and to the Government of India in this Department a copy of any rules which it may issue

7 Section 3 (4) of the Act declares the exemption from assessment of travelling tentage horse or sumtuary allowance or any other allowance granted to meet specific expenditure to be subject to any rules which may be prescribed. This power to make rules was reserved in order to prevent any abuse of the exemption by changing the designation of a portion of salary or otherwise The power need not be exercised unless it appears that attempts to abuse the exemption are being made

8 The only condition or restriction prescribed under the power conveyed by section 5 (1) (g) of the Act is that contained in Rule 5 providing that the exemptions from assessment of fund subscriptions and life insurance payments shall not be taken into account in deciding whether the income is liable to the tax or in determining the rate at which the tax is leviable

9 It will be observed that salaries annuities and pensions paid in April 1886 are liable to the tax even if they are due in respect of preceding months Payment in advance does not extinguish this liability

10 The rules prescribe no conditions under section 9 (2) of the Act regarding arrangments for the collection of the tax from their employés by non official employers This proviso was inserted in the Act in order that employers may be induced by the remission or return of a small portion of the tax and in order to save their employés from avoidable trouble to undertake the collection of the tax and thus relieve Collectors of the difficulty of dealing directly with a large number of assessees The intention should be explained to Collectors with instructions that they should endeavour to make such arrangements whenever it may appear feasible but it will of course be understood that no pressure is to be put upon employers to fall into an arrangement under this section

11 It will be observed that the rules contain no provision for payment by instalments of the tax leviable under Part IV of the second Schedule I am to explain that this is left by the President in Council to the discretion of the Government of / your discretion ——— and that it is the desire of the

Government of India that every reasonable facility should be given in the matter the maximum number of instalments however in no case exceeding four

12 No rules have been prescribed regarding composition for the tax under ection 31 of the Act The Government of India trusts that the principle of composition may be extensively adopted as it is evidently cal culated to obviate friction and trouble in assessment and the President in Council will be glad to have as early an expression as may be convenient of th pinion of the Government of / your opinion whether any such rules need be made by the Government of India or whether they should be left to the Local Govern ment concerned and in the former case what rules the Government of proposes / y u p pos

13 The number of companies being few and it being desirable to have fuller information regarding the assessment of companies than is con tained in the general published return the President in Council requests that th Go ernm t of / you will forward each year separately from the returns prescribed in the rules a return shewing the designation and assess ment of every company in the territories subject to the c ntrol of the Go er iment of / your control This return should not be published

14 I am also to invite suggestions for the improvement of the classification adopted in Return No V The suggestions should if possible reach the Government of India not later than the end of December next in order that if any change in the form of the return is decided on it may be prescribed in time for adoption in the reports of 1886 87 The experience gained in making the assessments under the Act may enable Local Governments to propose a preferable classification

15 The reports on the working of the Act in 1886 87 should be specially full and complete

APPENDIX No V

Forms prescribed by the Government of India

FORM A

(Rule 2)

Return made by the Principal Officer of every Local authority Com[pany] Public body or Association under Section 10

Designation of { Local authority / Company / Public body or / Association

Name of employee pensioner annuitant or receiver of gratuity	Address	Salaries			Pensions or annuities		Gratui[ties]	
		Employment	Rate of salary	Dates on which payable	Rate of pension or annuity	Dates on which payable	Amount	D[ate]

FORM B

(Rule 9)

I Collector of do hereby certif[y] the income of the owner of the $\frac{\text{security}}{\text{securities}}$ *specified below includin[g]* interest on $\frac{\text{that security}}{\text{those securities}}$ but excluding income from agriculture [is less] than Rs 500 a year

Dated (Sd)

Collector of

Description of security	Number	Date	Amo[unt]

FORM C

(RULE 9)

I Collector of do hereby certify that the income of the owner of the $\frac{\text{security}}{\text{securities}}$ specified below including the interest on $\frac{\text{that sec r ty}}{\text{those securities}}$ but excluding income from agriculture is less than Rs 2 00 a year

Dated (Sd)

Collector of

DESCRIPTION OF SECURITY	Numb r	Date	Amount

FORM D

(RULE 10)

I Collector of do hereby certify that the interest on the $\frac{\text{security}}{\text{securities}}$ specified below standing in the name of

is employed solely for $\frac{\text{rel g o s}}{\text{public ch ritable}}$ purposes

Dated (Sd)

Collector of

DESCRIPTION OF SECURITY	Numb r	Date	Amount

FORM E

GENERAL NOTICE UNDER RULE 10 TO THE PRINCIPAL OFFICERS OF COMPANIES PUBLIC BODIES AND ASSOCIATIONS

To

THE principal officer of every company public body or association mentioned in section 10 of Act II of 1886 an Act for imposing a tax on income derived from other sources than agriculture is invited to state when submitting the return of salaries annuities pensions and gratuties which he is required by section 10 to deliver or cause to be delivered to the Collector on or before the 15th day of April each year whether he is willing to collect the tax due from the persons included in the return and

to forward the amount to the Collector on condition of being allowed a remission of a portion of the amount payable on the terms specified below

A remission of five per cent will be granted if the yearly amount of tax is paid in a lump sum on or before the 15th July or a remission of three per cent will be granted if the amount is paid in four equal instalments on or before the 15th of May, August November and February respectively or a remission of one per cent will be granted if the amount is paid in monthly instalments on or before the 7th of each month

In the event of his agreeing to this arrangement the person making the return should sign an agreement to that effect at the foot of the return

The Form of return can be obtained free of cost at the Collector s Office

FORM F

SPECIAL NOTICE UNDER RULE 11

To

WITH reference to the return of salaries annuities pensions and gratuities which you have submitted to me under section 10 of Act II of 1886 you are hereby invited to state whether you are willing to collect the tax due from the persons included in the return, and to forward the amount to me on condition of being allowed a remission of a portion of the amount payable on the terms specified below

A remission of five per cent will be granted if the yearly amount of tax is paid in a lump sum on or before the 15th July or a remission of three per cent will be granted if the amount is paid in four equal instalments on or before the 15th of May August November and February respectively or a remission of one per cent will be granted if the amount is paid in monthly instalments on or before the 7th of each month

In the event of your agreeing to this arrangement you are requested to attend at my office on or before the for the purpose of signing an agreement to that effect at the foot of the return

FOPM G

GENERAL NOTICE TO PRIVATE EMPLOYERS UNDER RULE 12

To

WITH reference to section 9 of Act II of 1886 an Act for imposing a tax on income derived from sources other than agriculture every private employer is invited to deliver or cause to be delivered to me or at my office on or before the a return in the form given below of the salaries pensions annuities and gratuities of the persons in his employ or pay and to state when submitting the return whether he will undertake to collect the tax due from the persons included in the return and to forward the amount to me on condition of being allowed a remission of a portion of the amount payable on the terms specified below

A remission of five per cent. will be granted if the yearly amount of tax is paid in a lump sum on or before the 15th July or a remission of

three per cent will be granted if the amount is paid in four equal instalments on or before the 15th of May August November and February respectively or a remission of one per cent will be granted if the amount is paid in monthly instalments on or before the 7th of each month

In the event of his agreeing to this arrangement the person making the return should sign an agreement to that effect at the foot of the return

The form of the return can be obtained free of cost at the Collector s office

FORM II

UNDER RULE 13

Authority to a company public body or association or private employer mentioned in sections 9 and 10 of the Act to collect the tax from the persons included in Return IB

FROM

THE COLLECTOR

To

SIR

I AM in receipt of your return Form IB dated the 188 and in consideration of the declaration and conditions therein contained I hereby authorize you to collect Rs * from the persons included in the return being the amount of tax payable by them collectively under Part I of the Second Schedule of Act II of 1886 for the year 1886 87 The amount should be paid to me

FORM J

NOTICE UNDER SECTION 12 ACT II OF 1886 TO THE PRINCIPAL OFFICER OF A COMPANY TO PRODUCE ACCOUNTS

To

THE PRINCIPAL OFFICER OF COMPANY

You are hereby required under the provisions of the abovenamed section on the of to (attend at this office and) produce or cause to be produced for my inspection the account books of the Company for the year

FORM K

GENERAL NOTIFICATION UNDER SECTION 16

(Rule 15)

THE persons named in the annexed list [or for Calcutta in the list which is open for inspection at the Collector s office 4 Bankshall Street] are hereby informed that they have been assessed under Part IV of the Second Schedule of Act II of 1886 for the financial year 1886 87 according to the particulars specified therein and they are hereby required to pay the amount of the tax to—————— at—————— within sixty days from the date hereof or to apply to me within thirty days from such date to have the assessment reduced or cancelled failing which they will be proceeded against as the law provides

* The amount should be entered in words as well as figures.

FORM L

SPECIAL NOTICE UNDER SECTION 17

(*Rule* 19)

No ______

To ______________________

____

____

You are hereby informed that you have been assessed under Part IV of the Second Schedule of Act II of 1886 for the financial year 1886 87 according to the particulars specified below and you are hereby required to pay the amount of the said assessment to

at

within sixty days from the date hereof or to apply to me within thirty days from such date to have the assessment reduced or cancelled failing which you will be proceeded against as the law provides

This notice should be presented at the time of payment when a receipt will be granted

Particulars

Sources of income	Places and districts where the income accrues	Amount to be paid.		
		Rs	A	P

FORM M

GENERAL NOTICE UNDER SECTION 18 SUB SECTION 1 CLAUSE (*b*)

(*Rule* 19)

THE public are hereby informed that Act II of 1886 an Act for imposing a tax on income derived from sources other than agriculture will come into operation on the 1st April next and that all incomes derived from sources other than agriculture will be liable to taxation from that date Every person chargeable under Part IV of the Act is invited to deliver or cause to be delivered to the Collector on or before the 1st April a return in form IIB below giving details of his income according to the instructions on the return

The form of return can be obtained free of cost at the Collector s office

FORM N

SPECIAL NOTICE UNDER SECTION 18 SUB SECTION I CLAUSE (*c*)

(*Rule* 19)

To

You are hereby requested to deliver or cause to be delivered to me or at my office within fifteen days from this date a return in the accompanying form IIB giving details of your income according to the instructions contained thereon

FORM O

Agreement of Composition under Section 31

(*Rule* 23)

Whereas an assessment of the tax on profits and income chargeable under Act II of 1886 has been duly made by the Collector of acting in the execution of the said Act upon

of

in the sum of Rs

amounting in the whole to the sum of Rs

for the year ending on the day of 188

And the said

is desirous of compounding for the said tax as allowed by the said Act for the term hereinafter mentioned. The Collector of acting in the execution of the said Act has by virtue and in pursuance of the power and authority thereby given to him in this behalf contracted and agreed with the said

and the said

has agreed with the said Collector of for a composition for the said tax chargeable or which may become chargeable upon him under the said tax during the term of years to be computed from the day of And the following are the terms of such composition that is to say

The said

his heirs executors or administrators shall and will pay to the Secretary of State in Council at the Government Treasury at for the purposes of Act II of 1886 in each and every year of the said term the sum of being the amount of the said assessment

Dated

FORM P

Special Notice to furnish information respecting Lodgers and Employes under section 41

Number________________ To____________________

Date________________________

You are hereby required to deliver to me or at my office on or before the a list in the accompanying form containing to the best of your belief—

(a) the name of every inmate or lodger resident in any house used by you as a dwelling house or left by you in lodging

(b) the name of every other person receiving salary or emoluments amounting to forty-one rupees ten annas and eight pies per mensem or five hundred rupees per annum or upwards employed in your office whether resident in any such house as aforesaid or not and

(c) the place of residence of such of those persons as are not resident in any such house and of any inmate or lodger in any such house who has a place of residence elsewhere at which he is liable under this Act to be assessed and who desires to be assessed at that place

Dated the *Collector*

Form of list of lodgers inmates and employés returned under section 41 *of Act II of* 1886

Name of person making the return ________________

Residence ________________________________

1	2	3	4
NAME	Whether lodger inmate or employé	Residence if different from the above	At what residence to be assessed

Dated the *Signature of person making the return*

FORM Q

SPECIAL NOTICE TO TRUSTEES AGENTS &C UNDER SECTION 42

To

You are hereby required to deliver or cause to be delivered to me or at my office within ten days from this date a statement of the names of the persons for or of whom you are trustee guardian curator committee or agent

Failure to deliver this statement or the delivery of a false statement will render you liable to the penalty provided in sections 176 and 177 of the Penal Code

Dated

Collector

FORM P

SPECIAL NOTICE TO TRUSTEES AGENTS &C UNDER SECTION 43

To

You are hereby required to deliver or cause to be delivered to me or at my office within fifteen days from this date a return in the accompanying form IIB giving details of the income in respect whereof you are chargeable on account of in your capacity as

Failure to deliver this return or the delivery of a false return will render you liable to the penalty provided in sections 176 and 177 of the Penal Code

Collector

Dated

INCOME TAX

FORM S

COUNTERFOIL

1 Serial number

Name of payer

3 *Name of assessee*

4 Number in register of assessees—

(a) Register

(b) Sub part

(c) Serial number

5 Class

6 Amount payable Rs

7 Period for which payable

8 Signature of Income Tax clerk

9 Dated

Credited in the Treasury on 188

Income Tax Deputy Collector

INCOME TAX

FORM S

CHALAN

1 Serial number
2 Accountant's number
3 Treasurer's number
4 Name of payer
5 Name of assessee
6 Number in register of assessees—

( ) Register
(b) Sub-part
(c) Serial number

7 Class
8 Amount payable as per details on the reverse—

(a) in words
(b) in figures

9 Period for which payable
10 Signature of Income Tax clerk
11 Signature of accountant
1 Signature of treasurer

Dated

this day of 188

INCOME TAX

FORM S

RECEIPT

1	2	3			4
Serial number	Accountant's number	Number in Register of Assessees			Class
		Register	Sub part	Serial number	

Received the sum of R
(in words) being the amount of the
in t line t of Income Tax payable under Act II of 1886 in the year 1886-87 by the person named below —

5 Name of payer
6 Name of assessee
7 Sources of income
8 Place where the income accrues
9 Amount paid
10 Period for which paid
11 Signature of accountant
12 Signature of treasurer
13 Signature of treasury officer†

Dated
this day of 188

[Here enter name of district, town or village and in towns the municipal number of the premises]
† If the amount be Rs 00 or upwards

Silver and copper			
Currency notes as detailed below —			
Total Rs			

INCOME TAX

FORM T

COUNTERFOIL.

1 Serial number

2. Name of payer

3 Name of principal officer of company, public body, association or private employer

4. Number in Register II

5 Period of instalment

6 Amount payable

7 Amount remitted under Rule 13 at per cent

8 Net amount payable

9 Signature of Income tax clerk

10 Date

Credited in the Treasury on 188

Income tax Deputy Collector

INCOME TAX

FORM T

CHALLAN

1 Serial number

2 Accountant number

3 Treasurer's number

4 Name of payer

5 Name of principal officer of company, public body, association or private employer

6. Number in Register II

7 Period of instalment

8 Amount payable

9 Amount remitted under Rule 13 at per cent

10 Net amount payable as per details on the reverse

11 Signature of Income-tax clerk

1[2] Signature of accountant

13 Signature of treasurer

Dated

this day of 188

INCOME TAX

FORM T

RECEIPT

1	2	
Serial number	Accountant's number	Number in Register II

Received the sum of Rs (in words) being the amount of the instalment of income tax payable under Part I of the Second Schedule of Act II of 1886 in the year 1886-87 by the person named below: —

4 Name of payer
5 Name of principal officer of company, public body, association or private employer
6 Period of instalment
7 Sources of income
8 Place where income accrues
9 Amount payable
10 Amount remitted under Rule 13 at per cent
11 Net amount paid
12 Signature of accountant
13 Signature of treasurer
14 Signature of treasury officer†
Dated
this day of 188

[Here enter name of district, town or village, and in towns the municipal number of the premises.]
† If the amount be Rs 500 or upwards

Silver and copper			
Currency Notes as detailed below —			
Total Rs			

INCOME TAX

FORM U

COUNTERFOIL

1 Serial number

2 Name of payer

3 Designation of local authority

4 Name of principal officer

5 Period of instalment

6 Amount payable

7 Signature of Income tax clerk

8 Serial numbers under which payment is entered in register IIIC from No to No

9 Date

To be filled in by the Income tax clerk after the receipt of the treasury advice list

Credited in the Treasury on 188

Income tax Deputy Collector

INCOME TAX

FORM U

CHALLAN

1 Serial number

2 Accountant's number

3 Treasurer's number

4 Name of payer

5 *Designation of local authority*

6 Name of principal officer

7 Period of instalment

8 Amount payable

9 Signature of Income-tax clerk

10 Signature of accountant

11 *Signature of treasurer*

Dated

this day of 188

INCOME TAX

FORM U

RECEIPT

Received the sum of Rs (in words) being the amount of the instalment of Income tax payable under Part I of the Second Schedule of Act II of 1886 in the year 1886-87 by the person named below —

1 Serial number

2 Accountant's number

3 Name of payer

4 Designation of local authority

5 Name of principal officer

6 *Period of instalment*

7 Sources of income

8 Place where income accrues

9 Amount paid

10 Signature of accountant

11 Signature of treasurer

12 Signature of treasury officer†

Dated

this day of 188

[Here enter name of district, town or village and in towns the name and number of the premises.]

† If the amount be Rs 500 or upwards

Silver and copper			
Currency Notes as detailed below —			
Total Rs			

FORM W

1 The attention of the public is invited to the provisions of section 9 (1) of Act II of 1886 under which the tax to which a person receiving any salary annuity pension or gratuity from a company public body or association or private employer is liable is payable by him at the time when any portion of the salary annuity pension or gratuity is paid to him Under these provisions a person in the receipt of a monthly salary should forward the amount of tax to the Collector at the time when the salary is paid to him Failure to pay at the time appointed will under section 30 of the Act render the defaulter liable to pay double the amount of the tax. Payment should be made at the following rates —

(*a*) If the salary &c amounts to Rs 2 000 per annum or Rs 166 10 8 per mensem or upwards five pies in the rupee

(*b*) If the salary &c is less than Rs 2 000 per annum or Rs 166 10 8 per mensem four pies in the rupee

(*c*) If the salary &c is less than Rs 500 per annum or Rs 41 10 8 per mensem it is exempt from taxation provided the employé s income from all sources is less than Rs 500 per annum.

(*d*) In calculating the amount of tax payable the amount due on a fraction of a rupee should be neglected

2 Payments for Calcutta its Suburbs and the town of Howrah should be made at the Calcutta Collectorate No 4 Bankshall Street either by taking the amount personally or by sending it or by money order

3 The amount remitted should be accompanied by the following information —

(1) Name and address of person for whom the amount is tendered (give municipal number of premises and name of street)

(2) Name and address of employer (give municipal number of premises and name of street)

(3) Amount sent

(4) The amount on which the tax is paid

(5) The month for which the tax is remitted

4 When the amount *is taken personally or sent by messenger* it should be accompanied by a memorandum signed by the employé giving the above information but when it is sent by money-order these particulars should be written on the coupon. The word Income-tax should also be distinctly written on the coupon.

5 In addition to the receipt which the payer will get from the post office *the Collector will send him a formal receipt in a service* bearing cover

FORM X

Distress Warrant

(*Under Section 30 Act II of 1886*)

To

Whereas

of

has not paid or shown sufficient cause for the non payment of the sum of Rs being the amount payable for*

Here state period

under Part of the Second Schedule of Act II of 1886 although the said sum has been duly demanded from the said

[and sixty days have elapsed since the date of *the publication of the notification under section 16 of the Act* the service of the notice under section 17 of the Act and thirty days have elapsed since the date of the passing of the order on the petition of objection preferred by the said

under section 25 of the Act]†

† Strike out this part in the case of sum payable under Part I and Part II

This is to command you to distrain the moveable property of the said

wherever it may be found within the district except ploughs plough cattle tools or implements of trade or agriculture or any other moveable property, subject to the same exceptions which may be found within the premises in his occupation to the sum of the said tax amounting to Rs and penalty of Rs together with the further sum of Rs to defray the charges of taking keeping and selling such property and if within ten days next after such distress the said sum of Rs shall not be paid to sell the said property and having paid and deducted out of the proceeds of the sale the said tax amounting to Rs and the penalty of Rs together with the further sum of Rs to meet the charges of taking keeping and selling such property to return the surplus (if any) on demand to the person whom you shall have found in possession of the said property and if no demand be made to pay the same into the Treasury through the Collector s office If distress cannot be made of sufficient property of the said you are to certify the same to me in returning this warrant

FORM Y

Form of Inventory and Notice

To

Take notice that I have this day seized the property specified in the Inventory below for the sum of Rs as detailed on the margin and that unless you pay to me or into the office of the Collector of the said sum of Rs within ten days from the date of this notice the property will be sold

Amount of Tax under Part of the Second Schedule of Act II of 1886 Rs
Penalty
Amount to defray the charges of taking keeping and selling the property seized

Total Rs

FORM Z

FORM OF REPORT OF OFFICER EXECUTING THE DISTRESS WARRANT

1 Name of defaulter
2 Residence (In towns give municipal number of premises and name of street in districts give the name of village and thanna)
3 Amount of arrear due
4 Penalty
5 Costs
6 Total amount to be realised (columns 3 +4+5)
7 Inventory of property seized
8 Date of distress
9 Date of sale
9 Details of articles sold
11 Name of purchaser
12 *Amount realised on each article*
13 Total amount realised
14 Date of remittance to the Collector
15 Amount of surplus
16 How the surplus was disposed of and date of disposal
17 Balance of arrear remaining to be realised
18 Remarks (here state the steps taken for recovery of the balance in column 17)

FORM AA

NOTICE

To

This notice is to remind you that you have not paid the tax due on your salary for the month of
and to inform you that if it be not paid within seven days it will be my duty to levy the amount with penalty and costs by a distress warrant under section 30 of Act II of 1886

FORM BB

NOTICE

To

Take notice that you have not paid the income tax according to the notice of demand K (or L) dated and that unless the amount of tax is paid within days it will be levied with penalty and cost by a distress warrant under section 30 Act II of 1886

FORM CC

NOTICE

To

Take notice that your objection to your assessment was disposed of on the and that unless the amount of tax is paid within thirty days from that date it will be levied with penalty and costs by a distress warrant under section 30 of Act II of 1886

FORM DD

NOTICE

To

Take notice that the amount of income tax payable by the for the year 1886 87 has been assessed at Rs and that the amount should be paid to me on or before the of 188

FORM EE

CERTIFICATE FOR REFUND

No

{ Collector s office (name of district)
Dated

To

THE OFFICER IN CHARGE OF TREASURY AT

Refund Rs ( )
to
and debit to Income tax

Examined

APPENDIX No VI

FORMS OF REGISTERS

The registers described below should be kept in each district Register I should be kept in two parts IA and IB Register IA is intended for persons whose income does not amount two thousand rupees and Register IB for those whose income is two thousand rupees or upwards In Calcutta it will be further necessary to sub divide each part according to streets or blocks of streets or it may be found convenient to have sub parts for each of the following heads of return No V (Government of India) viz employés companies professions manufactures merchants and traders In the mofussil the parts should be according to towns and villages In the case of large towns the Collector will do well to have a separate register and the town for convenience may be divided into mohullas The object of the sub division of the registers is to facilitate reference and also to assist in the preparation of returns but it is a matter in regard to which details must differ in every district The sub parts should be numbered consecutively As the entries in some of the parts will necessarily be few it is obvious that each sub part need not be bound up into a separate volume but it will be convenient to keep the sub parts in sheets and to bind two or more sub parts together as they are nearly completed Where this reisgter is divided into sub parts according to villages the name of the thanna should be entered at the head of the sub part in other cases it should be entered in column 2 after the name of the village This rule does not apply to Calcutta The nature of the principal source of income should be shown in column 23 In column 24 the final demand of tax after revision by the Commissioner should be entered in order to make the register a complete index of all information

No 1A —Register of Assessees whose income does not amount to two thousand rupees

1 Serial number of assessee

2 Residence In towns give Municipal number of the premises and where there is a branch firm its address In districts give name of village

3 Name of assessee and in case of natives father s name

(In Calcutta a column should be inserted here— Service of special notice N 4—Date 5—Manner of service (P=by peon L=by registered letter) and the remaining columns should be renumbered

4 Sources of income

5 Amount of income as per return

6 Amount assessed

Service of assessment notice L* { 7 Date
8 Manner of service (P=by peon L=by registered letter)

---

* These columns will be left blank when the assessees are included in a list under section 16

Objection under section 25	9	Number in register IV
	10	Date of disposal
	11	Amount remitted on objection
	12	Tax fixed by Collector
Receipt	13	Number of treasury challan
	14	Date of payment
	15	Amount of tax
	16	Penalty under section 30
	17	Fine under section 74
Appeal to Commissioner under section 27	18	Number
	19	Amount of refund
Refund under section 33	20	Number
	21	Amount
How to be entered in return V (Government of India Under these columns enter numbers only	22	Class
	23	Nature of income
	24	Remarks

No IB —Register of Assessees

1 Serial number of assessee

2 Residence—

In towns give municipal number of the premises and where th is a branch firm its address In districts give name of village

3 Name of assessee

(In Calcutta a column should be inserted here— *Service of spec* notice N 4—Date 5—Manner of service (P=by peon L=by registe letter) and the remaining columns should be renumbered

4 Source of income

5 Amount of income as per return

6 Amount assessed

Service of assessment Notice L	7	Date
	8	Manner of service (P=by peon L= registered letter)
Objection under section 25	9	Number in register IV
	10	Date of disposal
	11	Amount remitted on objection
	12	Tax fixed by Collector
Receipt — First instalment	13	Number of treasury challan
	14	Date and amount of payment
Receipt — Second instalment	15	Number of treasury challan
	16	Date and amount of payment
	17	Amount of penalty and fine realised—
		(*a*) Penalty under section 30
		(*b*) Fine under section 31

Appeal to Commissioner under section 27	18 Number 19 Amount of refund
Refund under section 33	20 Number 21 Amount
How to be entered in return V Enter number only	22 Class 23 Nature of income
	24 Remarks

REGISTER II

Register of returns IB

In this register should be entered those returns only in respect of which the person making the return agrees to collect the tax under rule 13 Where he does not agree the returns should be entered in Register IIIA The register is intended to show yearly totals only and to serve as a check on Register IIIB which gives details monthly or yearly as the case may be for every assessee

1 Serial number of the return

2 Name of company public body association or private employer

3 Name of every employé pensioner annuitant or receiver of gratuity liable to taxation.

4. Total amount of yearly income taxable at 5 pies in the rupee

5 Ditto ditto ditto 4 ditto

6 Total of columns 4 and 5

7 Amount of yearly tax at 5 ditto

8 Ditto 4 ditto

9 Total of columns 7 and 8

10 Amont of remision

11 Net amount of yearly tax payable (column 9—column 10)

12 In how many instalments payable

13 The number of the sub part and the serial number under which the assessee of column 3 is entered in Register IIIB—

(a) Sub part

(b) Serial number

14. Remarks

REGISTER IIIA

Register of tax levied under section 9(1) *on salaries annuities pensions and gratuities paid by companies public bodies associations and private employers*

The register of tax levied on salaries pensions annuities and gratuities paid by companies public bodies associations or private employers shall be kept in two parts—IIIA and IIIB Register IIIA is intended for cases in which the tax is paid under section 9 (1) by each person liable monthly without any remission It should be compiled from Return IB and other sources of information Register IIIB is intended to show ca e

in which the tax is paid under section 9(2) by the employer or person making the return subject to remission under rule 13 It should be compiled from Register II of return 1B To ensure the correct preparation of Government of India s return No III it may be convenient to keep Register IIIA in 15 sub parts corresponding with the 15 classes in Return III The sub parts should be numbered consecutively As the entries in some of the sub parts will be very few it is obvious that each sub part need not be bound up into a separate volume, the best plan to follow will be to keep the sub parts in sheets and to bind several sub parts together into a single part as the sub parts are completed, or approach completion

	1	Serial number
	2	Name father s name and residence of assessee
	3	Address of employer
Amount of income	4	Monthly
	5	Yearly
	6	April
Amount and date of payment	7	May
	8	June
	9	July
	10	August
	11	September
	12	October
	13	November
	14	December
	15	January
	16	February
	17	March
	18	Total for the year
	19	Class for entry in Return III
	20	Remarks

REGISTER IIIB

Register of tax levied under section 9(2) *on salaries annuities pensions and gratuities paid by companies public bodies associations and private employers*

The names of assessees should be entered in this register in the same order as they appear in return IB The amount of remission need not be entered in column 9 against each name but the monthly and yearly amounts should be entered separately e g monthly Rs 5 yearly Rs 60 Similarly column 10 should not be filled up against each name but the monthly and yearly amounts should be given. They will be in the case of the monthly amount the total of column 6 minus the monthly amount of remission noted in column 9 and in case of the yearly amount the total of column 7 minus the annual amount of remission in column 9 In columns 11 to 23 the gross amount of tax should be noted against the name of each assessee, and a total struck for each company public body asso

ciation or private employer From the total of these columns the amount of remission entered in column 9 should be deducted and the difference will show the net amount of tax paid in each month or in case of column 23 paid in each year The figures thus obtained should tally with those entered in column 10 In compiling the figures for Returns III IV and V prescribed by the Government of India the gross amount of tax collected should be entered and remissions under rule 13 are to be shown in a separate statement which will be prescribed hereafter

	1	Serial number
	2	Name of assessee fathers name and residence
	3	Address of employer
Amount of income	4	Monthly
	5	Yearly
Amount of tax	6	Monthly
	7	Yealy
	8	Rate of remission allowed
	9	Amount of remission
	10	Net amount of tax payable
Amount of tax paid in	11	April
	12	May
	13	June
	14	July
	15	August
	16	September
	17	October
	18	November
	19	December
	20	January
	21	February
	22	March
	23	Total for the year
	24	Class for entry in Return III
	25	Remarks

REGISTER IIIC

THE returns submitted by local authorities under section 10 of the Act and rule 2 of the rules prescribed by the Government of India should be entered in Register IIIC which will be in the same form as Register IIIA. The heading of this register will be Register of tax realised by the principal officer of a local authority under section 8 and remitted to the Collector under rule I of the rules prescribed by the Government of India

REGISTER IV

Register of petitions of objection under section 25 of Act II of 1886

1 Serial number
2 Date of petition.

3 Name of petitioner
4 (Here enter the number of the sub part and the serial number under which petitioner is entered in register 1A or 1B)—
(a) Register
(b) Sub part
(c) Serial number
5 Date and purport of order

Registers VA and VB are prescribed with a view to ensure due attention to the instructions contained in rule 23 in respect to the interchange of communication between Collectors on the subject of the income of persons deriving profits from property in more than one district and in order that the enquiries made by each assessing officer may be duly put on record in these cases in which they are conducted on account of the assessors of other districts

Register VA

Register of reports called for from the Collector of other districts

1 District
2 District from which report is called for
3 Name of assessee
4 Number of the sub part and the serial number under which the assessee is entered in Register 1A or 1B—
(a) Register
(b) Sub part
(c) Serial number
5 Date and number of letter asking for information
6 Date and number of reply
7 Date of receipt of reply
8 Estimate of income by reporting officer
9 Estimate of income within the district
10 Amount assessed on income accruing within the district

Register VB

Register of reports sent to other districts

1 District
2 District to which report has to be made
3 Name of assessee
4 Date and number of letter asking for information
5 Date of receipt of letter by Collector
6 Date of forwarding letter for report to assessor
7 Date of receipt of assessor's answer
8 Particulars of property
9 Amount of income
10 Date of forwarding information to other districts

Once in every two months the district officer shall inspect the registers of collecting officer to see that they are carefully and properly kept up to date and shall at the same time send to the Commissioner a statement in the following form —

1 District
2 Names of the collecting officers
3 Date of inspection of registers of collecting officer
4 Result of inspection

REGISTER VI

Register of prosecutions before Magistrates under section 34 of Act II of 1886—

1 Serial number
2 Name of person prosecuted
3 His father s name (in the case of natives) and residence
4 Offence (to be stated cleraly as in section 34)
5 Decision of Magistrate
6 Amount of fine imposed
7 Amount of fine realised
8 Date of receipt from Magistrate
9 Date of credit in the treasury
10 Reference to register in which the fine is entered—
(a) Register
(b) Sub part
(c) Serial number
11 Remarks

REGISTER VII

Register of petitions under section 27 Act II of 1886—

1 Serial number
2 Name of petitioner
3 Father s name (in the case of natives)
4 Residence of petitioner—
(a) District
(b) Village and thana
5 Purport of petition
6 Decision including refund or enhancement ordered.
7 Final demand after revision
8 Remarks

To ensure the preparation of the Annual Returns III IV and V prescribed by the Government of India, Register VIII should be kept in the form described below It should contain 31 columns corresponding with columns 2 to 14 and 17 to 34 of Return V of the Government of India and should have as many pages as will admit of a sufficient number of pages being assigned to each of the 85 headings Nature of Income in Return V with the exception of headings 1 2 3 32 33 and 34. The

number required will vary for each heading in different districts. In some districts one page may be found sufficient for a large number of the headings while in others two three or more pages may be required, according to whether the assessees under the heading are likely to be many or few Each page should have its appropriate heading thus "12 Banking," "23 Land, 47 Carriage Builders," as the case may be The register should be paged and provided with an index showing on what page the returns under each heading are entered. Entries should be made in the register weekly from Registers IA IB, IIIA, IIIB and IIIC Every kind of income should be totalled and the figures put down in Return V at the close of the year

To ensure the correct preparation of annual Returns III and IV prescribed by the Government of India, Register IX should be kept in five parts as follows —

Part I—Tax on salaries pensions annuities and gratuities paid by local authorities

Part II—Tax on salaries pensions annuities and gratuities paid by employes pensioners &c., under section 9 (1)

Part III.—Tax on salaries, pensions, annuities and gratuities paid by companies public bodies associations and private employers under section 9 (2)

Part IV—Tax on profits of companies

Part V—Tax on other sources of income

The register shall be in the following form, and a few pages should be assigned to each class of income I to XV —

REGISTER IX.

1. Class.
2 Amount of income
3 Serial number in Registers IA IB IIIA IIIB or IIIC—
   (a) Register
   (b) Serial number
4. Number of assessees
5 Original demand.
6 Number of objections before Collector
7 Amount remitted by Collector
8. Number of appeals before Commissioner
9 Amount remitted by Commissioner
10 Final demand.
11 Arrears
12. Penalties.
13 Fines.
14. Total of columns 10 to 13
15 Tax
16 Penalties.
17 Fines.
18 Total.

(15–18: Collections on account of)

19 Number of applications for refund
20 Amount refunded
21 Remarks

Register No X

Register of proceedings instituted against defaulters under Section 30 Act II of 1886 *for the district of*

1 Serial number
2 Name of defaulter
3 Residence as given in the register of assessees
4 Reference in the registers IA IB IIIA IIIB or IIIC—
  (a) Register
  (b) Sub part
  (c) Serial number
5 Amount of arrear due
6 Amount of penalty
7 Amount of costs as in table of fees in the fifth series of instructions
8 Total amount to be realized (columns 5 + 6 + 7)
9 Process under which recovery should be made according to the opinion of the Collector
10 Date of issue of distress warrant
11 Date of attachment of property
12 Date of sale of property
13 Amount realized—
  (a) As per demand in column 8
  (b) Amount in excess of demand to be refunded
  (c) Total
14 Date of credit of the amount in the treasury
15 Unrealized balance of arrear
16 Date of refund of surplus sale proceeds and amount.
17 Remarks (state the steps taken for realization of the balance in column 15 whether the defaulter has been arrested further property distrained &c)

Register No XI

Register of refunds of the tax levied under Act II of 1886

1 Serial number
2 Name of applicant
3 Residence as given in the register of assessees
4 Reference to the registers IA IB IIIA IIIB or IIIC—
  (a) Register
  (b) Sub part
  (c) Serial number
5 Amount of tax realized
6 Amount claimed as refund
7 Amount refunded
8 Date of refund
9 Remarks

APPENDIX No VII

Return No I

GOVERNMENT OF INDIA

(Rules 8 and 20)

Statement showing the Collections of the Tax under Act II of 1886, *from Salaries Pensions Annuities and Gratuities paid by Government in the year* 188 8

Class	Income	Paid by the Government								Remarks
		Salaries		Pensions and annuities		Gratuities		Total		
		Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	
1	2	3	4	5	6	7	8	9	10	11
	Rs Rs		Rs		Rs		Rs		Rs	
I	500 but less than 750									
II	750 1 000									
III	1 000 1 250									
IV	1 250 1 500									
V	1 500 1 750									
VI	1 750 2 000									
	Total I to VI									
VII	2 000 but less than 2,500									
VIII	2 500 „ 5 000									
IX	5 000 10 000									
X	10 000 20 000									
XI	20,000 „ 30 000									
XII	30 000 40 000									
XIII	40 000 50 000									
XIV	50 000 „ 1 00 000									
XV	1 00 000 and more ..									
	Total VII to XV ...									
	Grand Total ..									

RETURN No II

GOVERNMENT OF INDIA

(Rules 14 and 20)

Statement showing the Collections of the Tax under Act II of 1886 from interest on securities in the year 188 8

Class	Rate of tax	Securities of the Government of India		Bonds or debentures charged by Parliament on revenues of India		Securities of Local authority or Company		Total		Remarks
		Amount of securities	Amount of tax	Amount of securities	Amount of tax	Amount of securities	Amount of tax	Amount of securities	Amount of tax	
1	2	3	4	5	6	7	8	9	10	
I to VI	At 4 pies in the rupee									
VII to XV	At 5 pies in the rupee									

RETURN No III

GOVERNMENT OF INDIA

(Rule 20)

Statement showing the Collections of the Tax under Act II of 1886 *in the year* 188 8

Class.	Amount of income	Salaries, pensions, annuities and gratuities paid by the Government		Salaries pension annuities and gratuities paid by local authorities.		Salaries &c paid by companies public bodies, associations and private employers — Tax levied under Section 9 (1)		Section 9 (2)		Profits of companies		Interest on securities	Other sources of income		Total collection of tax.		Penalties by Collector	Fines by Magistrate	Total of 17 18 and 19	Refunds	Net collections	Remarks.
		No. of assessees	Amount of tax.	No of assessees	Amount of tax.	No of assessees	Amount of tax	No of assessees	Amount of tax.	No of assessees.	Amount of tax	Amount of tax	No of assessees	Amount of tax	No of assessees	Amount of tax						
1	2	3	4	5		7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
	Rs. / Rs		Rs		Rs		Rs		Rs		Rs	Rs		Rs		Rs	Rs	Rs	Rs	Rs	Rs	
I	500 but less than 750																					
II	750 " 1 000																					
III	1 000 " 1 250																					
IV	1 250 " 1 500																					
V	1 500 " 1 750																					
VI	1 750 " 2 000																					
	Total I to VI																					
VII	2 000 but less than 2 500																					
VIII	2 500 " 5 000																					
IX	5 000 " 10 000																					
X	10 000 " 20 000																					
XI	20 000 " 30 000																					
XII	30 000 " 40 000																					
XIII	40 000 " 50 000																					
XIV	50 000 " 1 00 000																					
XV	1 00 000 and more ...																					
	Total VIII to XV																					
	Total																					

RETURN No IV

GOVERNMENT OF INDIA

(Rule No 20)

Statement showing the original and final demands and uncollected balances of amounts due under Act II of 1886 in the year 188 8

Part of the Act under which the income is assessed	Original demand		Revision by Collector		Revision by Commissioner		Final demand		Penalties by Collector		Fines by Magistrates		Arrears of previous year	Total of columns 9 11 13 and 14	Collections					Balance	Remarks
	No of assessees	Amount of tax	No of petitions or objections	Demand after disposal	No of petitions or objections	Demand after disposal	No of assessees	Amount of tax	Number	Amount	Number	Amount	Amount		Tax	Penalties	Fines	Arrears	Total		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	1	2
Chapter IIIA and Part I Schedule II																					
Chapter IIIB and Part II Schedule II																					
Chapter IIIC and Part III Schedule II																					
Chapter IIID and Part IV Schedule II																					
Total																					

RETURN

GOVERNMENT

(RULE

Statement showing the classification of Incomes on account of which

Serial number	Nature of Income	Class I Rs 500 to Rs 7[illegible]0		Class II Rs 750 to Rs 1 000		Class III Rs 1 000 to Rs 1 2[illegible]0	
		Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax
1	2	3	4	5	6	7	8
1	Salaries paid by the Government						
2	Pensions and annuities paid by the Government						
3	Gratuities paid by the Government						
4	Salaries paid by local authorities						
5	Pensions and annuities paid by local authorities						
6	Gratuities paid by local authorities						
	Salaries pensions annuities and gratuities paid by Companies Public Bodies Associations and Private employers						
7	Managers and Assistant Managers						
8	Inspectors Overseers and other executive servants						
9	Clerks and Accountants						
10	Shopmen						
11	Others						
	Companies						
12	Banking						
13	Building						
14	Carpet manufacturing						
15	Cotton spinning and weaving						
16	Gas						
17	Hotel						
18	Ice						
19	Insurance—Fire						
20	Ditto—Life						
21	Ditto—Marine						
22	Jute and hemp						
23	Land						
24	Mining						
25	Press						
26	Railway						
27	Shipping and Navigation						
28	Telegraph and Telephone						
29	Trading						
30	Tramway						
31	Others						
	Interest						
32	Securities of the Government of India						
33	Ditto made chargeable on Indian revenues by Parliament						
34	Securities of Companies and local authorities						

No V

OF INDIA

(0)

the tax under Act II of 1886 *was collected in the year* 188 8

Class IV Rs 1,250 to Rs 1,500		Class V Rs 1,500 to Rs 1,750		Class VI Rs 1,750 to Rs 2,000		Total of Classes I to VI		Class VII Rs 2,000 to Rs 2,500		Class VIII Rs 2,500 to Rs 5,000	
Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax
9	10	11	12	13	14	15	16	17	18	19	20

RETURN

GOVERNMENT

(RULE

Statement showing the classification of Incomes on account of which

Serial number	NATURE OF INCOME	CLASS IX Rs 5 000 TO Rs 10 000		CLASS X Rs. 10 000 TO Rs 20 000		CLASS XI Rs 0 000 TO Rs 30 000	
		Number of assessees	Amount of tax.	Number of assessees	Amount of tax	Number of assessees	Amount of tax
		1	22	23	24	.5	6
1	Salar es paid by the Government						
	Pens ons and annuities paid by the Government						
3	Gratuities paid by the Government						
4	Salaries paid by local authorities						
5	Pen i ns and annuities paid by local authorities						
6	Gratuities paid by local authorities						
	S laries pensions annu tiesand grat ties pa d by C mpanies Publ c Bod es Associations and Private employers						
7	*Managers and Ass stant Managers*						
8	In pectors, Overseers and other executive serv nts						
9	Clerks and Accountants						
10	Shopmen						
11	Others						
	Companies						
1	Banking						
13	*B ild ng*						
14	Carpet manufacturing						
15	Cotton sp nning and weaving						
16	Gas						
17	Hotel						
18	Ice						
19	In urance—Fire						
0	Ditto—Life						
21	D tto—Marine						
	Jute nd hemp ..						
.3	Land						
4	Mining						
	Press ..						
6	R. ilway						
27	Sh pp ng and Navigation						
.8	Telegraph and Tel phon						
9	Trad ng						
30	Tramw y						
31	*Othe s*						
	Interest						
3	Securit es of the Government of Ind a ...						
33	Ditto made chargeable on Indian reven es by Pa li ment						
34	Securities of Companies and local authorit es						

No V—*continued*

OF INDIA

20)

the tax under Act II of 1886 was collected in the year 188 8

CLASS XII Rs 30 000 TO Rs. 40 000		CLASS XIII Rs 40 000 TO Rs 50 000		CLASS XIV Rs 50 000 TO Rs. 1 00 000		CLASS XV Rs 1 00 000 AND MORE		TOTAL OF CLASSES VII TO XV		GRAND TOTAL		
Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	REMARKS
27	28	29	30	31	32	33	34	35	36	37	38	39

RETURN

Serial number	Nature of Income	Class I Rs 500 to Rs 750		Class II Rs 750 to Rs 1 000		Class III Rs 1 000 to Rs 1 250	
		Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax
1	2	3	4	5	6	7	8
	Professions						
35	Religion						
36	Education and Science						
37	Fine Arts						
38	Barristers Advocates and Pleaders						
39	Other legal practitioners						
40	Medicine						
41	Engineering						
4	Agents						
43	Artisans						
44	Bankers						
4	Builders						
46	Brokers						
47	Carriage builders						
48	Dealers in animals						
49	Ditto in agricultural produce						
50	Hotel keepers						
51	House proprietors						
5	Livery stable keepers letters-out of horses and carriages and cattle						
53	Owners of carriages horses, and cattle plying for hire						
	Manufacturers of—						
54	Cotton goods						
55	Woollen goods						
56	Jute flax and hemp						
57	Silk						
58	Indigo						
59	Spirits, wines and liquors						
60	Sugar						
61	Tea						
62	Metals and machinery						
63	Other articles						
	Merchants—						
64	General						
65	Opium						
66	Piece-goods						
67	Grain						
68	Salt						
69	Others						
70	Money lenders and changers						
71	Newspaper proprietors						
7	Printers and printing press proprietors						
73	Ship or boat-owners						
	Traders in—						
74	Woollen fabrics and dress						
7	Building materials						
76	Furniture						
77	Metals						
78	Precious stones and jewellery						
79	Food						
80	Salt						
81	Spirits drugs, and tobacco						
8	Fuel						
83	Animal and vegetable substances (not food)						
84	Books and stationery						
85	Other articles						

No V—*continued*

Class IV Rs. 1,[illegible] to Rs. 1,500		Class V Rs. 1,500 to Rs. 1,[illegible]		Class VI Rs. 1,7[illegible]0 to Rs [illegible]		Total of Classes I to VI		Class VII Rs 2,000 to Rs [illegible],500		Class VIII Rs 2,500 to Rs 5,000	
Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees.	Amount of tax
9	10	11	12	13	14	15	16	17	18	19	20

RETURN

Serial number	Nature of Income	Class IX Rs 5 000 to Rs 10 000		Class X Rs 10 000 to Rs 20 000		Class XI Rs 20 000 to Rs 30 000	
		Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax
		1	23	23	24	25	6
	Professions						
35	Religion						
36	Education and Science						
37	Fine Arts						
38	Barristers Advocates and Pleaders						
39	Other legal practitioners						
40	Medicine						
41	Engineering						
42	Agents						
43	Artisans						
44	Bankers						
45	Builders						
46	Brokers						
47	Carriage builders ..						
48	Dealers in animals ..						
49	Ditto in agricultural produce ...						
50	Hotel keepers						
51	House proprietors						
5	Livery stable keepers letters-out of horses and carriages and cattle						
53	Owners of carriages horses and cattle plying for hire						
	Manufacturers of—						
54	Cotton goods						
55	Woollen goods						
56	Jute flax and hemp						
57	Silk						
58	Indigo						
59	Spirits wine and liquors						
60	Sugar ...						
61	Tea						
6	Metals and machinery						
63	Other articles						
	Merchants—						
64	General						
65	Opium						
66	Piece-goods ..						
67	Grain ...						
68	Salt						
69	Others ..						
70	Money lenders and changers						
71	Newspaper proprietors ..						
7	Printers and printing press proprietors						
73	Ship or boat-owners						
	Traders in—						
74	Woollen fabrics and dress						
5	Building materials ..						
6	Furniture ...						
77	Metals						
78	Precious stones and jewellery ..						
79	Food ..						
80	Salt ..						
81	Spirits, drugs, and tobacco						
8	Fuel						
83	Animal and vegetable substances (not food)						
84	Books and stationery						
85	Other articles						

No V—*concluded*

Class XII Rs 30,000 to Rs 40,000		Class XIII Rs 40,000 to Rs 50,000		Class XIV Rs 50,000 to Rs 1,00,000		Class XV Rs 1,00,000 and more		Total of Classes VII to XV		Grand Total		Remarks
Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	Number of assessees	Amount of tax	
27	28	29	30	31	32	33	34	35	36	37	38	39

RETURN No VI

GOVERNMENT OF INDIA

(*RULE* 20)

Statement of expenditure incurred in the assessment and collection of the tax under Act II of 1886 *in the year* 188 8

HEAD	Amount	REMARKS
1	2	3
Establishments		
Travelling allowance		
Contingencies		
Total		

FORM IB

Return made by a Company Public Body, Association or Private Employer under Rules 10 11 *and* 12

To the Collector of

Name of employé pensioner annuitant or receiver of gratuity	Residence Municipal number and street	Salaries			Pensions or Annuities		Gratuities	
		Employment	Rate of salary	Dates on which payable	Rate of pension or annuity	Dates on which payable	Amount	Dates on which paid

I hereby declare that the above return is correctly prepared in accordance with the provisions of Act II of 1886 and [I undertake to collect on behalf of Government the yearly amount of tax due from the persons included in the return less a remission of five per cent and to forward the amount to you in a lump sum on or before the 1 th July],

or

I undertake to collect on behalf of Government the yearly amount of tax due from the persons included in the return less a remission of three per cent and to forward the amount to you in four equal instalments on or before the 15th day of May August November and February respectively

or

I undertake to collect on behalf of Government the yearly amount of tax due from the persons included in the return less a remission of one per cent and to forward the amount to you on or before the 7th of each month

FORM II B

Return under section 18 *sub section* (1) *clauses* (*b*) *and* (*c*) *Act II of* 1886 *of income accruing and arising in British India*

(RULE 19)

[This return should be sent under cover and marked confidential]

1	2	3	4	5	6	7
NAME	RESIDENCE— In towns give municipal number of premises and name of street in which the residence or place of business is situated In districts give the name of the village	Sources of income chargeable under Part IV	Amount of income	Period during which the income has actually accrued	Names of sharers (if any) in the income in column 4 with specification of their shares.	REMARKS

I ______________ declare that the income shown in the return is truly estimated on all the sources mentioned that it has actually accrued within the period stated and that I have no other sources of income

Signature ______________

Dated ______________ 1886

INSTRUCTIONS

1 In the case of a firm the ordinary designation of the firm should be entered in column 1

2 If the person or firm making the return has several places of residence or business they should be all mentioned in column 2 the principal place of residence or business being specified

3 Columns 3 and 4 are intended to show all sources and amounts of income not included in Part I Part II and Part III of the Second Schedule of the Act and therefore the following sources of income should not be entered in the return —

(a) Salary annuity pension or gratuity
(b) Profit of companies
(c) Interest on securities

but where the person making the return at the time of making it has not already been assessed in respect of an amount of salary annuity pension or gratuity payable to him he should include such amount in columns 3 and 4

4 The income to be specified should be the income which has accrued during the year ending on the day on which the accounts were last made up If they were not made up between the 31st March 1885 and the 31st March 1886 then the income during the year ending with 31st March 1886 should be stated

5 In column 5 should be entered the year or portion of the year during which the income or profit has accrued

6 In the case of a firm or a Hindu undivided family the shares need not be separately mentioned but where a member of such firm or family is in receipt of an income independent of the firm or family such income should be entered separately in column 7

7 Section 5 of the Act which contains a list of the sources of income exempt from assessment is here reproduced for the guidance of the person making the return—

Exceptions

5 (1) Nothing in section 4 shall render liable to the tax—

(a) any rent or revenue derived from land which is used for agricultural purposes and is either assessed to land revenue or subject to a local rate assessed and collected by officers of the Government as such or

(b) any income derived from—

(i) agriculture or

(ii) the performance by a cultivator or receiver of rent in kind of any process ordinarily employed by a cultivator or receiver of rent in kind to render the produce raised or received by him fit to be taken to market or

(iii) the sale by a cultivator or receiver of rent in kind of the produce raised or received by him when he does not keep a shop or stall for the sale of such produce or

(c) any building owned and occupied by the receiver of the rent or revenue of any such land as is referred to in clause (a) or by the cultivator or the receiver of rent in kind of any land with respect to which or the produce whereof of any operation mentioned in clause (b) is carried on

Provided that the building is on or in the immediate vicinity of the land and is a building which the receiver of the rent or revenue or the cultivator or the receiver of the rent in kind by reason of his connection with the land requires as a dwelling house or as a store house factory or other out building or

(d) any profits of a shipping company incorporated or registered out of British India and having its principal place of business out of India and its ships ordinarily engaged in sea going traffic out of Indian waters or

(e) any income derived from property solely employed for religious or public charitable purposes or

(f) any income which a person enjoys as a member of a company or of a firm or of a Hindu undivided family when the company or the firm or the family is liable to the tax; or

(g) subject to any conditions and restrictions which may be prescribed in this behalf such portion not exceeding one-sixth of the income in respect whereof a person would but for this exception be chargeable under this Act as is deducted from the salary of the person under the authority or with the permission of the Government for the purpose of securing a deferred annuity to him or a provision to his wife or children after his death or is paid by the person to an insurance company in respect of an insurance or deferred annuity on his own life or on the life of his wife; or

(h) any interest on stock notes; or

(i) the salary of any officer, warrant officer, non-commissioned officer or private of Her Majesty's Forces or of Her Majesty's Indian Forces who is not in an employment which, according to the ordinary practice, is held indifferently by military persons and civilians and whose salary does not exceed five hundred rupees per mensem; or

(j) any person whose income from all sources is less than five hundred rupees per annum.

(2) An officer or servant is not exempt from taxation under this Act by reason only of the income of his employer being exempt therefrom under this section.

RETURN No IIIB

GOVERNMENT OF BENGAL

Return showing the progress of assessments during the month of 188

1	2	3			4			5	6			7	8	9	10
Names of Assessors	Number of persons in the district to be assessed as per list under the License-tax of 1885-86	Number added for assessment in 1886-87			Number exempted from assessment in 1886-87			Net number to be assessed Col 2 + Col 3 — Col 4	Number assessed			Remaining for assessment Column 5 — column 6	Number of villages in the district	Number visited during the month	Number visited up to the close of the month
		(a)	(b)	(c)	(a)	(b)	(c)		(a)	(b)	(c)				
		In previous months	In this month	Total	In previous months	In this month	Total		In previous months	In this month	Total				

The work of each Assessor should be shown separately

District }
Dated

Collector

RETURN No IV B

Government of Bengal

Table I

Part I of Second Schedule

Salaries annuities pensions and gratuities under sections 8 and 9 of Act II of 1886—

		Rs a p
1	Total gross collections up to the last day of previous quarter inclusive	
2	Gross collections during the quarter	
3	Total	
4	Number of companies public bodies or associations and private employers who collect the tax from their employés under rule 13 of the rules prescribed by the Government of Bengal	
5	Amount of remission allowed under rule 13	
6	Amount refunded	

TABLE II

Part II.—Of Second Schedule

Profits of Companies

1	2	3	4	5	6	7				8	9	10	11	12
						Collections on account of								
						a	b	c	d					
Balance of tax due at the close of previous quarter	Amount assessed during the quarter	Total of columns 1 and 2	Amount remitted by Collector	Amount remitted by Commissioner	Final demand	Tax	Penalty under section 30	Fine under section 34 (b) (c)	Total	Outstanding balance	Amount credited in the treasury accounts (the figures should tally with those furnished by the Treasury Officer to the Accountant-General or the difference be explained)	Amount refunded	Number of companies assessed	Remarks
Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.		

TABLE III

Part IV.—Of Second Schedule

Other sources of income

1	2	3	4	5	6	7				8	9	10	11	1
						Collections on account of								
						a	b	c	d					
Balance of tax due at the close of previous quarter	Amount assessed during the quarter	Total of columns 1 and 2	Amount remitted by Collector	Amount remitted by Commissioner	Final demand	Tax	Penalty under section 30	Fine under section 34 (b) (c)	Total	Outstanding balance	Amount credited in the treasury accounts (the figures should tally with those furnished by the Treasury Officer to the Accountant-General or the difference be explained)	Amount refunded	Number of persons assessed.	Remarks
R. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	R. A. P.		

TABLE IV.—*Progress of assessment work in respect of persons chargeable under Part II of the Second* [illegible] *to be shown separately)*

1	2	3	4	5	6	7	8	9	10
Name of Assessor	Number of villages in the district	Number of villages visited by the Assessor up to close of preceding quarter	Number of villages visited by the Assessor during the quarter	Total of columns 3 and 4	Number of persons assessed this quarter	Number of persons assessed up to end of the quarter	Number of persons remaining to be assessed	Number of persons exempted under sections 6 and 7	REMARKS
Total									

TABLE V.—*Objections instituted and disposed of (each Assessor's work to be shown separately)*

1	2	3	4	5				6	7	8	9
				NUMBER OF OBJECTIONS DISPOSED OF							
				a	b	c	d				
Name of Assessor in whose district the objection has been preferred	Number of objections pending from the last quarter	Number instituted this quarter	Total of columns 2 and 3	By Collector	By Deputy Collector	By Assessors under paragraphs 37 of Instructions 1st series	Total	Number of assessments revised by Sub-divisional Officers under paragraph 37 of the first series of Instructions	Number pending disposal	Number of objections in which the original assessment has been maintained	REMARKS (Here state the number of objections pending over one month and explain the cause)
Total											

Dated *Collector*

APPENDIX VIII

List of local authorities as defined in section 3, clause 1 of Act II of 1886

1 District Road Cess Committee in charge of District Road Fund
2 Magistrate in charge of District Post Fund
3 District Officer in charge of Government Estates Improvement Fund
4 Municipal Committee in charge of Municipal Fund
5 Cantonment Magistrate and Commanding Officer in charge of Cantonment Fund
6 Officer in charge of Hospital Port Dues Fund
7 Ditto ditto Hindu College Fund
8 Collector and Head Master in charge of Mozufferpore School Fund
9 Collector of Hooghly in charge of Behari Lall Mukherjee's Endowment Fund Hooghly
10 Prosunna Nath Roy Fund Committee Rajshahye
11 Collector of Purneah and Secretary in charge of Mirza Mahomed Hoseyn's Endowment Fund Purneah
12 Annachattra Fund Committee Cuttack
13 Civil Surgeon Balasore in charge of Balasore Pilgrim Hospital Fund
14 Chupra Municipal Committee in charge of Shah Bunwari Lall's Endowment Fund Sarun.
15 Ditto ditto Chupra Dispensary Sarun
16 Local Agents i e Collector and Joint Magistrate of Hooghly in charge of Chinsura Poor Fund
17 Officer in charge of Choone Lall Seal's Endowment Fund
18 Superintendent Mitford Hospital in charge of Mitford Hospital Fund
19 Principal Medical College in charge of Prince Gholam Mahomed's Medical College Fund
20 Collector of 24 Pergunnahs in charge of Prince Gholam Mahomed's Charity Fund 24 Pergunnahs
21 Dispensary Committee 24 Pergunnahs in charge of Prince Gholam Mahomed's Dispensary Fund 24 Pergunnahs
22 Civil Surgeon Mozufferpore in charge of Mozufferpore Dispensary Fund.
23 Deputy Commissioner Darjeeling in charge of Darjeeling Improvement Fund.
24 Magistrate of Furreedpore in charge of Town Improvement Fund Furreedpore
25 Magistrate of Pooree in charge of Town Improvement Fund Pooree
26 Collector of Patna in charge of Wahabi Fund Patna
27 Commissioner of Patna in charge of Prince of Wales Reception Fund
28 Officer in charge of Railway Police Clothing Fund
29 Officer in charge of Inland Labour Transport Fund
30 Collector of Balasore in charge of Balasore Port Fund
31 Collectors of Cuttack and Pooree in charge of Cuttack and Pooree Ports Fund
32 Conservator of Port Chittagong in charge of Chittagong Port Fund
33 Officer in charge of Doorga Churn Laha's Endowment Fund under the rules of the Education Department
34 Officer in charge of the Vizianagram Scholarship Fund under the rules of the Education Department
35 The Port Commissioners Calcutta

APPENDIX No IX

Table for calculating the Tax under Act II of 1886

Income	At 4 pies in the Re.	At 5 pies in the Re	Income	At 4 pies in the Re	At 5 pies in the Re	Income	At 4 pies in the Re	At 5 pies in the Re
Rs	Rs. A P	Rs A P	Rs	Rs. A P	Rs. A P	Rs	Rs A P	Rs A P
1	0 0 4	0 0 5	51	1 1 0	1 5 3	100	2 1 4	2 9 6
2	0 0 8	0 0 10	52	1 1 4	1 5 8	200	4 [illegible] 8	5 5 4
3	0 1 0	0 1 3	53	1 1 8	1 6 1	300	6 4 0	7 13 0
4	0 1 4	0 1 8	54	1 2 0	1 6 6	400	8 5 4	10 6 8
5	0 1 8	0 1	55	1 4	1 6 11	500	10 6 8	13 0 4
6	0 0	0 2 6	56	1 2 8	1 7 4	600	1 8 0	15 10 0
7	0 2 4	0 11	57	1 3 0	1 7 9	700	14 9 4	18 3 8
8	0 8	0 3 4	58	1 3 4	1 8	800	16 10 8	0 13 4
9	0 3 0	0 3 9	59	1 3 8	1 8 7	900	18 1 0	23 7 0
10	0 3 4	0 4 2	60	1 4 0	1 9 0	1 000	20 13 4	26 0 8
11	0 3 8	0 4 7	61	1 4 4	1 9 5	1 100	[illegible] 14 8	28 10 4
12	0 4 0	0 5 0	62	1 4 8	1 9 10	1 200	5 0 0	31 4 0
13	0 4 4	0 5 5	63	1 5 0	1 10 3	1 300	7 1 4	33 13 8
14	0 4 8	0 6 10	64	1 5 4	1 10 8	1 400	29 2 8	36 7 4
15	0 5 0	0 6 3	65	1 5 8	1 11 1	1 500	31 4 0	39 1 0
16	0 5 4	0 6 8	66	1 6 0	1 11 6	1 600	33 5 4	41 10 8
17	0 5 8	0 7 1	67	1 6 4	1 11 11	1 700	35 6 8	44 4 4
18	0 6 0	0 7 6	68	1 6 8	1 1 4	1 800	37 8 0	46 14 0
19	0 6 4	0 7 11	69	1 7 0	1 12 9	1 900	39 9 4	49 7 8
20	0 6 8	0 8 4	70	1 7 4	1 13			
21	0 7 0	0 8 9	71	1 7 8	1 13 7		At 5 pies in the Re	
22	0 7 4	0 9 2	72	1 8 0	1 14 0			
23	0 7 8	0 9 7	73	1 8 4	1 14 5			
24	0 8 0	0 10 0	74	1 8 8	1 14 10			
25	0 8 4	0 10 5	75	1 9 0	1 15 3		Rs A P	
26	0 8 8	0 10 10	76	1 9 4	1 15 8	2 000	52 1 4	
27	0 9 0	0 11 3	77	1 9 8	2 0 1	3 000	8 2 0	
28	0 9 4	0 11 8	78	1 10 0	2 0 6	4 000	104 2 8	
29	0 9 8	0 12 1	79	1 11 4	2 0 11	5 000	130 3 4	
30	0 10 0	0 12 6	80	1 10 8	2 1 4	6 000	156 4 0	
31	0 10 4	0 1 11	81	1 11 0	2 1 9	7 000	18 4 8	
32	0 10 8	0 13 4	82	1 11 4	2 2	8 000	08 5 4	
33	0 11 0	0 13 9	83	1 11 8	2 2 7	9 000	234 6 0	
34	0 11 4	0 14 2	84	1 12 0	2 3 0	10 000	2 0 6 8	
35	0 11 8	0 14 7	85	1 12 4	3 5	15 000	390 10 0	
36	0 12 0	0 15 0	86	1 12 8	2 3 10	20 000	5[illegible]0 13 4	
37	0 12 4	0 15 5	87	1 13 0	2 4 3	25 000	651 0 8	
38	0 12 8	0 15 10	88	1 13 4	2 4 8	30 000	781 4 0	
39	0 13 0	1 0 3	89	1 13 8	2 5 1	35 000	911 7 4	
40	0 13 4	1 0 8	90	1 14 0	2 5 6	40 000	1 041 10 8	
41	0 13 8	1 1 1	91	1 14 4	2 5 11	45 000	1 171 14 0	
	14 0	1 1 6	92	1 14 8	2 6 4	50 000	1 30 1 4	
4	14 4	1 1 11	93	1 15 0	2 6 9	60 000	1 5[illegible] 8 0	
44	0 14 8	1 2 4	94	1 15 4	7 2	70 000	1 [illegible] 14 8	
45	0 1 0	1 2 9	95	1 15 8	7 7	80 000	083 5 4	
46	0 15 4	1 3 2	96	0 0	8 0	90 000	343 12 0	
47	0 15 8	1 3 7	97	2 0 4	2 8 5	1 00 000	604 [illegible] 8	
48	1 0 0	1 4 0	98	0 8	2 8 10			
49	1 0 4	1 4 5	99	2 1 0	9 3			
50	1 0 8	1 4 10						

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